FREIGHT TRAFFIC ISSUE

Shippers Call Rail Mergers 'Necessary'

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October 31, 1960

RAILWAY AGE *weekly*

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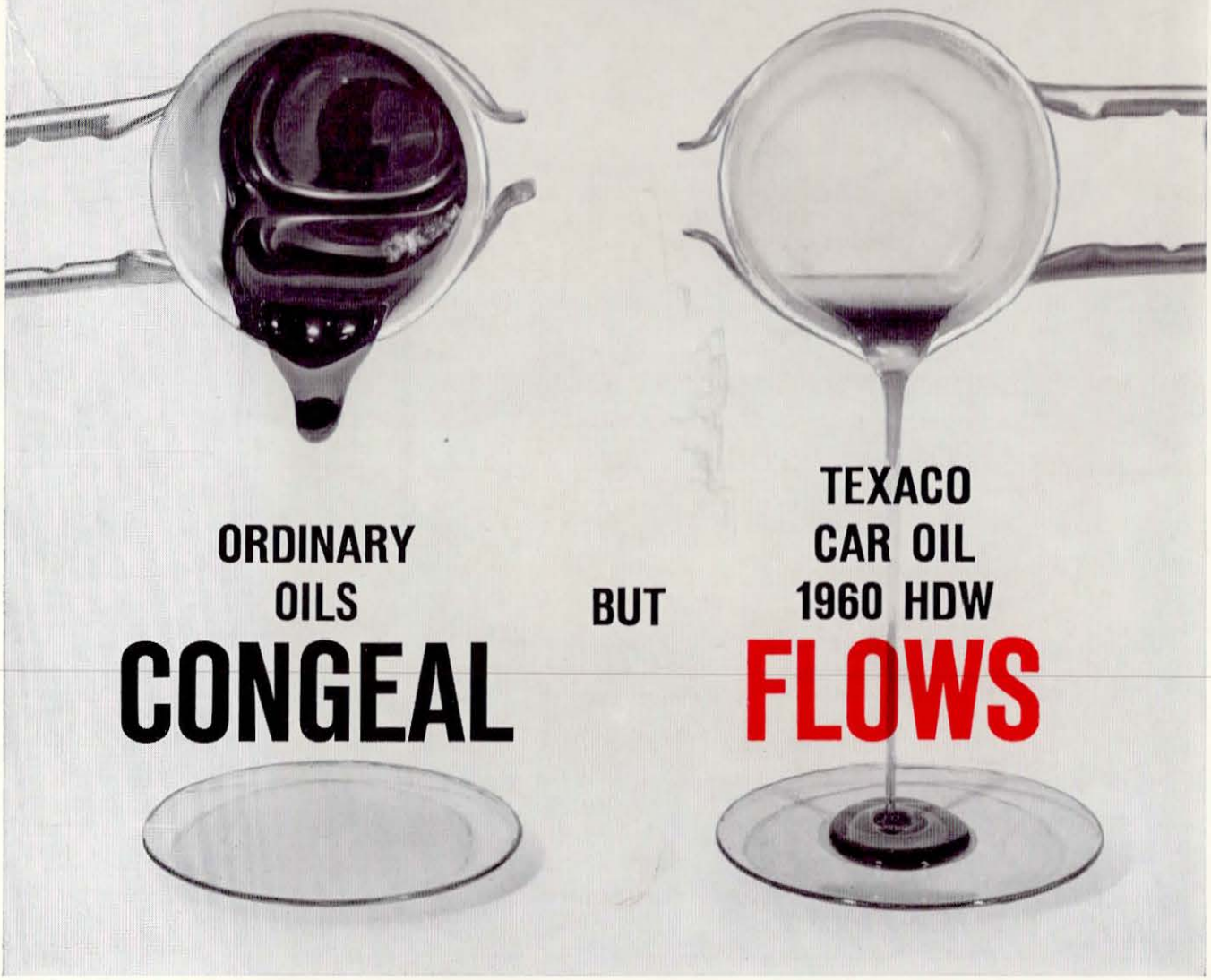

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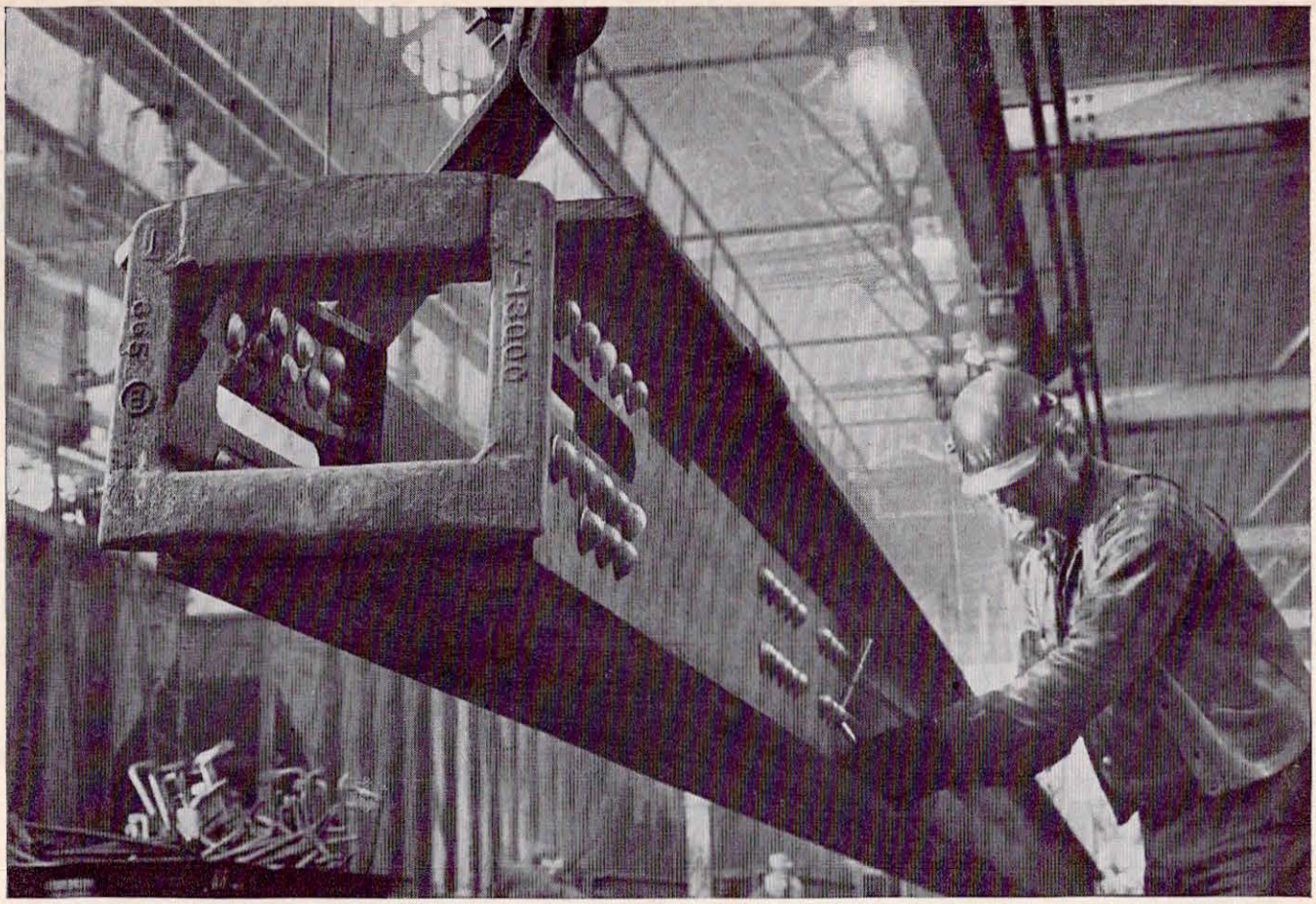

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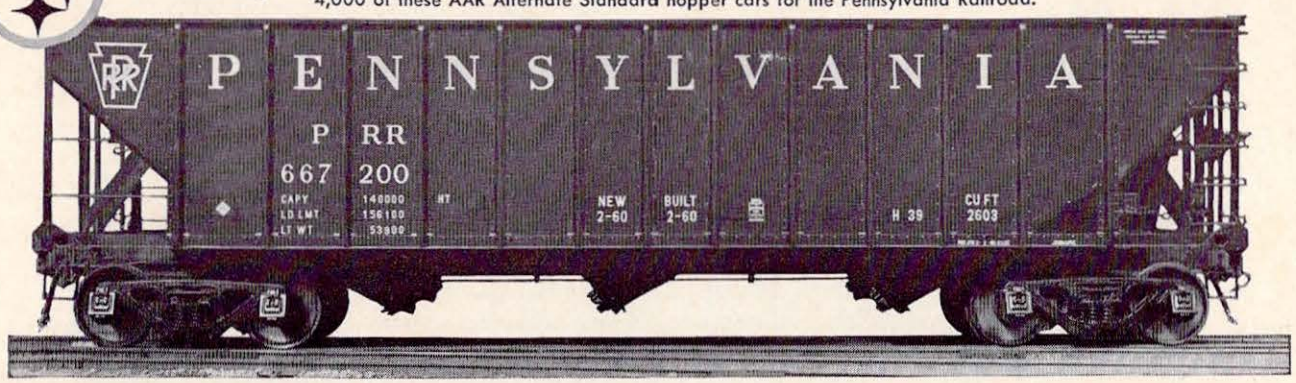

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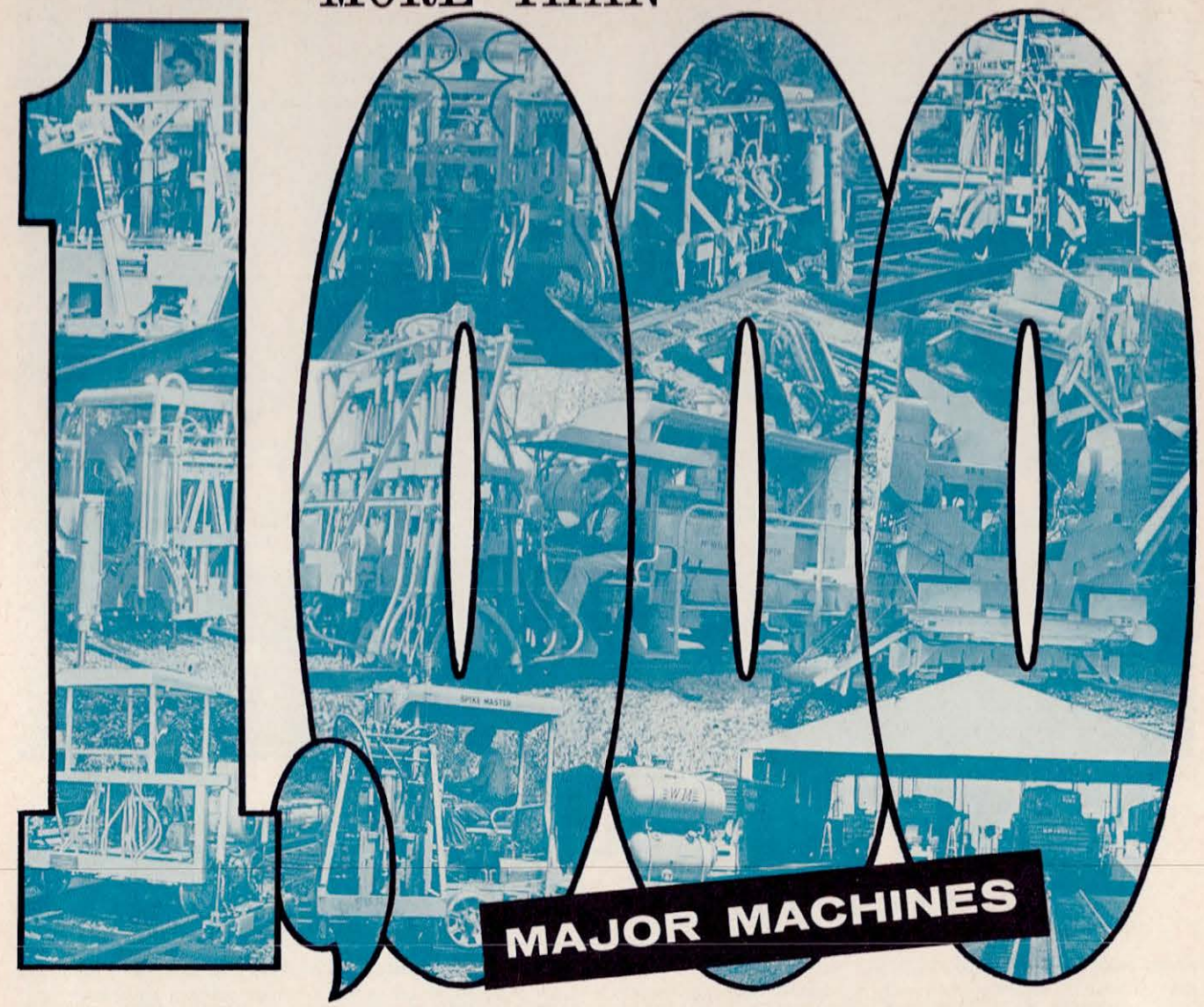

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Santa Fe, SP seek WP stock .....p. 9

Western Pacific, which called Southern Pacific's stock-exchange proposal "not a fair and equitable offer", says the Santa Fe proposal is "considerably better."

Cover Story—Shippers call rail mergers 'necessary' p.17

Few respondents to this month's Traffic Poll question the wisdom of railroad consolidations. Most of those strongly favoring mergers do so because of the railroads' need to cut costs and increase efficiency.

Cover Story—New sales ideas from Canada.....p.18

The Dominion's railroads are making significant breakthroughs in sales, market research and rates. Canadian railroad sales executives and representatives of Canadian shippers assayed the present situation, and future prospects, at a recent roundtable discussion in Toronto. The discussion was sponsored by Railway Age in cooperation with the Canadian Industrial Traffic League.

NH gets promises of aid.....p.48

New York and Connecticut officials will seek quick tax relief for the New Haven in an effort to help the railroad weather its current financial crisis. Their action could mean favorable reconsideration by the ICC of the road's request for government guaranty of a $6,000,000 loan to meet current obligations.

Reading shop services 24 diesels a day.....p.51

The new repair facility is a 60-ft by 30-ft steel building. Most important of its money-saving installations is an automatic diesel-filter cleaner.

NYC agency cash system is fast and accurate.....p.52

A new IBM punch-card system has been installed in 10 of the road's larger freight stations. The system has reduced by one-third the number of steps required to process freight bills.

TV, radio aid coal dumping p.57

Here's how the electronic devices are streamlining operations at the Public Service generating station in Bergen, N.J.

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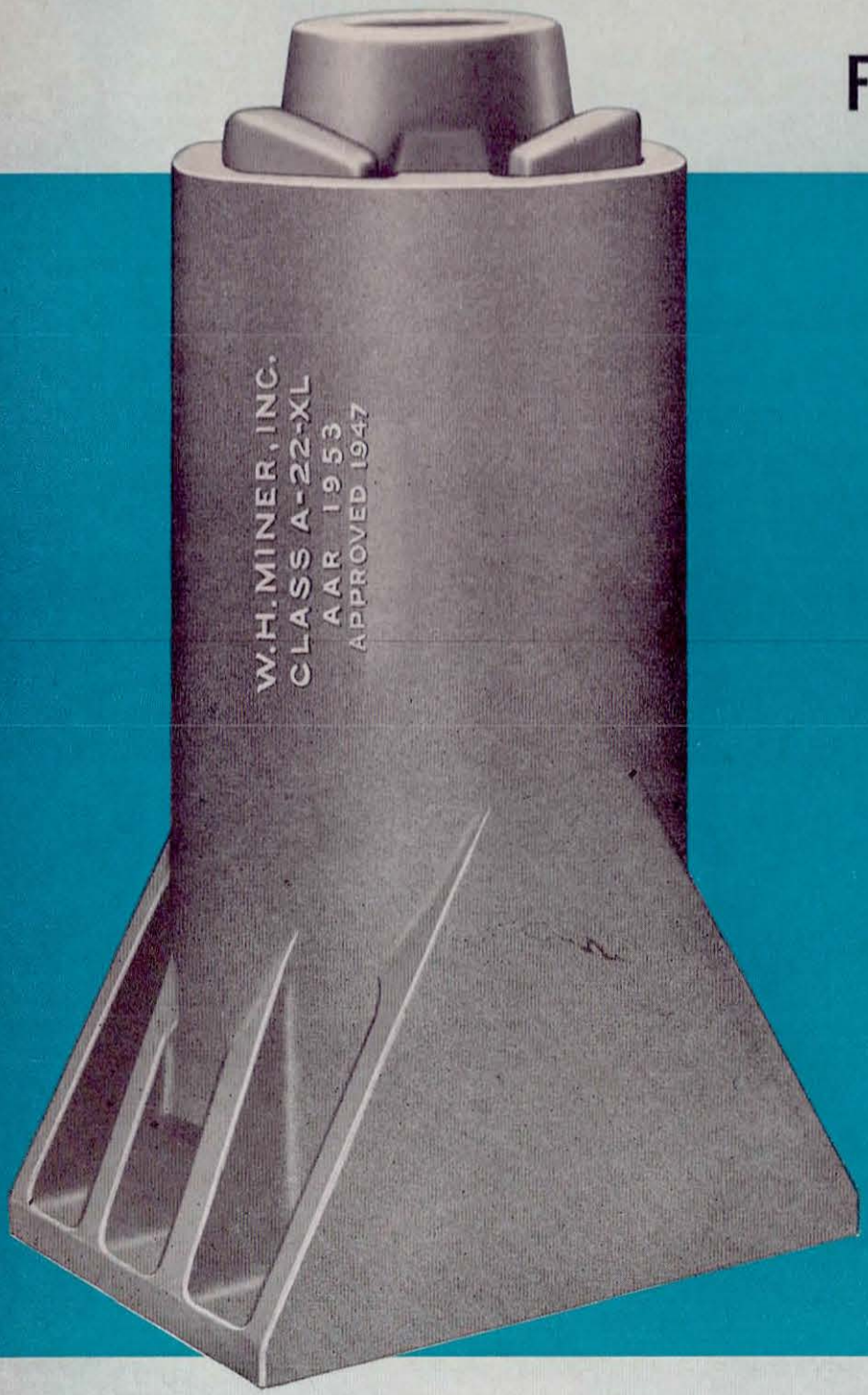

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Week at a Glance CONT

Current Statistics

Operating revenues	
8 mos., 1960	$6,456,321,942
8 mos., 1959	6,621,274,503
Operating expenses	
8 mos., 1960	5,115,202,623
8 mos., 1959	5,191,899,748
Taxes	
8 mos., 1960	701,702,920
8 mos., 1959	711,116,463
Net railway operating income	
8 mos., 1960	398,660,085
8 mos., 1959	502,244,949
Net income estimated	
8 mos., 1960	277,000,000
8 mos., 1959	363,000,000
Carloading revenue freight	
41 wks., 1960	24,577,832
41 wks., 1959	24,555,050
Freight cars on order	
Oct. 1, 1960	21,662
Oct. 1, 1959	35,626
Freight cars delivered	
9 mos., 1960	43,684
9 mos., 1959	29,916

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FCC reaffirms railroad microwave p.62

The commission will continue its policy of licensing point-to-point railroad microwave systems and has issued the first of a series of amendments implementing its microwave order.

Rate hike will yield $130-135 million p.74

The Ex Parte 223 freight rate increases became effective Oct. 24. The ICC permitted a general increase in line-haul rates of 0.5 cents per 100 lb where rates did not exceed 65 cents per 100 lb, one cent per 100 lb where rates exceeded 65 cents.

The Action Page—Who hauls what how far? p.78

Railroads don't have enough information about the traffic being handled by other methods of transportation. This is bad for shippers as well as for railroads. Government should make public exactly the same detail of traffic and cost information on all forms of transportation that it now collects and makes public about railroads.

Short and Significant

A guaranteed rate on coal . . .

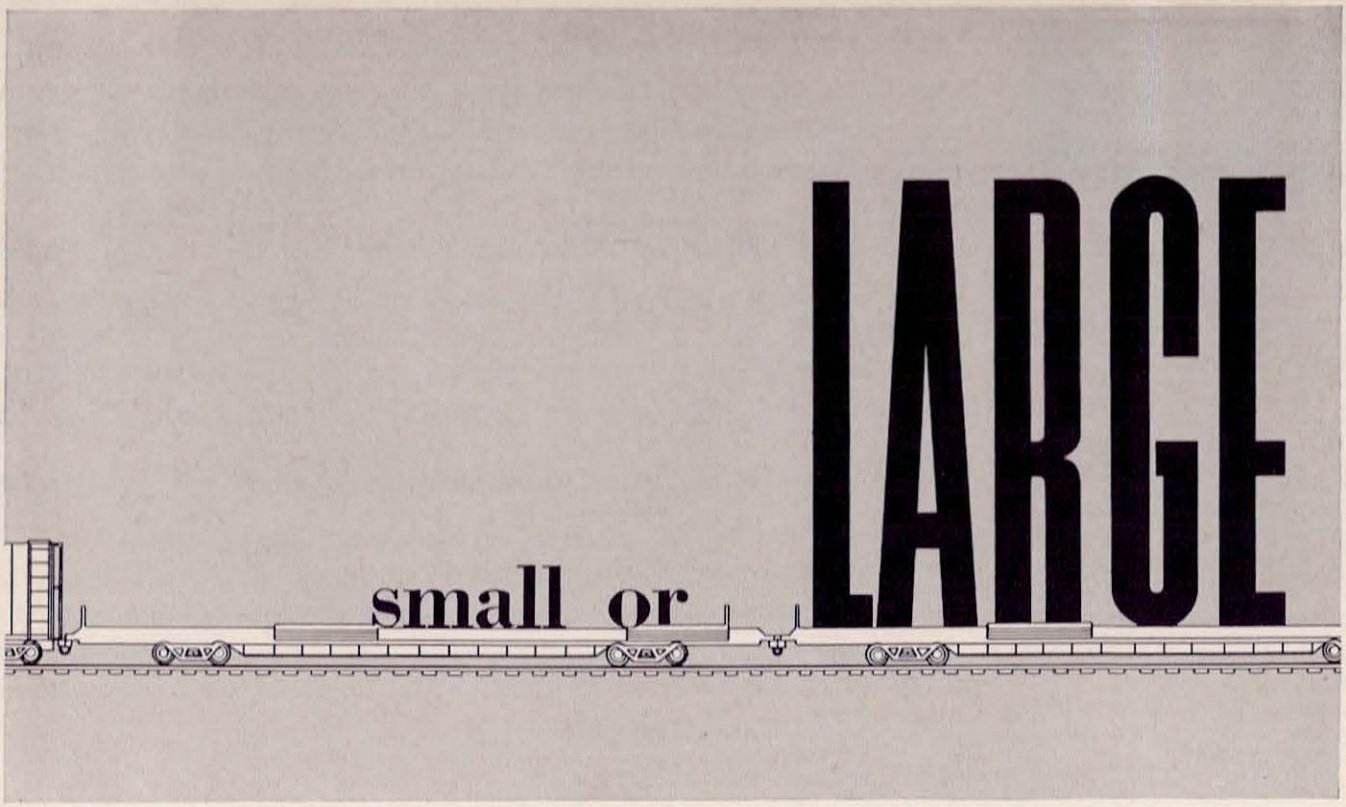
has been established by the C&O for a Kentucky shipper with the approval of the Kentucky Railroad Commission. Under the contract, which C&O calls a "landmark in coal transportation in this country," the railroad is guaranteed at least 80% (about 480,000 tons) of the coal traffic from Kentucky mines to the Kentucky Power Co.'s new Big Sandy plant, which will go into operation next year.

End of Rutland's six-week strike . . .

came last week with an injunction against BLE, BLF&E, ORC&B and BRT following a suit brought by the railroad in federal district court. Judge E. W. Gibson, in enjoining the brotherhoods from continuing the strike, referred one issue —terminal changes—to the NRAB, upheld the railroad in another—the right to reduce the number of trains operated. Judge Gibson also made permanent a temporary injunction against the state of Vermont, which had attempted to end the strike with a non-bankruptcy receivership and state seizure (RA, Oct. 24, p. 32).

A proposed wage settlement . . .

was vetoed last week by a SUNA referendum. A preliminary injunction restraining a Switchmen's strike against 17 western carriers remains in effect, pending a federal district court ruling on a carrier request for a permanent injunction. SUNA has appealed the legality of the injunction.



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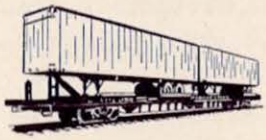

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Santa Fe, SP Seek WP Stock

► **The Story at a Glance: The Santa Fe last week challenged Southern Pacific's bid to gain control of Western Pacific.**

Southern Pacific had previously announced that a subsidiary had acquired 10% of WP stock for investment purposes and that it was seeking permission to issue additional shares of SP authorized common to exchange on a share-for-share basis with holders of WP common (RA, Oct. 17, p. 9).

Santa Fe is seeking ICC approval of a proposal to exchange one and one-fourth shares of Santa Fe common for each share of WP in a plan to gain control of WP. A wholly-owned ATSF subsidiary, Chanslor-Western Oil & Development Co., now owns 20% of WP stock which would be put in a voting trust pending Commission approval of the transaction.

Western Pacific directors opposed SP's exchange proposals as "not a fair and equitable offer" and WP president F. B. Whitman termed the Santa Fe offer "considerably better."

Countering an offer by Southern Pacific to exchange its stock on a share for share basis with holders of WP common stock, the Santa Fe, last week, offered WP shareholders 1.25 shares of Santa Fe common for each WP share tendered for exchange.

At issue is control of the 1,900-mile Western Pacific Railway and its subsidiaries serving southern California, Nevada and Utah and providing a link in the inner gateway route connecting the Pacific northwest and southern California via GN-WP-ATSF.

Southern Pacific, in Finance Docket 21314 and 21315, filed with the ICC on October 10, seeks permission to issue 1,733,806 shares of authorized but unissued stock and to gain control of WP through acquisition of its capital stock either by exchange or purchase on the open market.

"The transaction," said SP, "will make possible important economies and efficiencies in the operations of both SP and WP." Hauling freight tonnage on an exchange basis and "further joint use of facilities," said SP's application, would result in "an improved transportation service."

Southern Pacific and Western Pacific now interchange traffic at 15 points in California and five in Nevada. Under a "paired-track agreement," WP and SP trains between Alazon and Weso, Nev., operate over WP trackage eastbound (178 miles) and over SP trackage westbound (183 miles). Between Westwood and Mason, Cal., WP operates over SP tracks. Both roads serve common territory in northern California. WP's Oakland-Salt Lake City main line traverses the same territory as SP's Overland route between Oakland, Cal., and Ogden, Utah.

Should it gain control of WP, SP plans to shift six daily trains running between Flanigan and Weso, Nev., to WP's shorter (by 53 miles) line between these two points. SP also sees savings for WP by using SP's 89-mile route between Sacramento and Oakland instead of the 134-mile WP route via Stockton.

Western Pacific directors took a dim view of SP's exchange offer and, following a special meeting, issued a statement opposing the move. SP control of WP would "substantially lessen competition in the common territory served by both carriers," said the directors, and would "jeopardize the future of the competitive north and south service now operated jointly by GN, WP and Santa Fe."

WP directors also noted that the SP application failed to spell out how its employees would fare under SP control and that economies mentioned by SP could be "achieved by joint action of the two roads."

WP also took offense at the "manner in which SP has elected to pursue its attempts to acquire control," saying that SP's action was taken "without prior consultation with WP officers or directors" and that the representations in the application were "apparently made on judgment exercised unilaterally by the Southern Pacific."

Following the WP action, ATSF President Ernest S. Marsh announced late last week that the Santa Fe, through a wholly-owned subsidiary, had acquired 365,000 shares (20%) of WP stock and had asked ICC approval to acquire full control of WP.

"If acquisition of control [of WP] is authorized," said Mr. Marsh, "it would assure continuance of the through north-south route via Santa Fe-WP-GN" which he called the only rail service "competitive with Southern Pacific on commerce between major California points and the Pacific northwest."

Santa Fe control of WP, according to Marsh, would also assure continuation of "competitive service on the east-west route to and through Salt Lake City, Utah."

WP and Santa Fe, together with SP, share ownership of the Central California Traction Co. Santa Fe has several local trackage agreements with WP and interchanges traffic with WP at Oakland, San Francisco and Stockton, Cal.

Emphasizing preservation of competition rather than possible economies, Santa Fe's application for control of WP stated that the proposed transaction "will affirmatively contribute to adequate transportation service by assuring continuation of aggressive competition in the dynamically expanding area immediately affected" and would preserve and foster "established gateways and routes via which the increasing traffic demands of the area may be met."

F. B. Whitman, president, WP, declined to say whether WP would support Santa Fe's proposal, but noted that "offhand" it seemed to meet the "factors stressed by WP directors" in opposing SP control.

WP directors will study Santa Fe's bid at a meeting on November 7.

Southern Preferred

Central of Georgia, a key road in the complex rail merger-control situation in the Southeast, believes that the Southern, "because of its connections with Central and service throughout the South, is the logical and natural affiliation for Central." The outcome of two issues—the proposed ACL-SAL merger and the disposition of CofGa stock held by Frisco—"will be large factors in determining Central of Georgia's future and the transportation pattern of the entire Southeast," CofGa President W. E. Dillard told employees recently. He added: "Continued uncertainty as to control of Central is not in its best interest."

Kennedy Raps Waterway Tolls

The two major Presidential candidates went fishing last week for the waterways vote.

Senator John F. Kennedy came out strongly for toll-free waterways. "We must reject all proposals such as those of the Department of Commerce and the Budget Bureau of the Eisenhower-Nixon Administration for imposition of burdens upon the use of the waterways —including tolls, toll-equivalent taxes and so-called user charges—which would destroy the values of investments heretofore made in such facilities," the Democratic candidate asserted.

In a more cautious statement, Vice President Richard Nixon expressed agreement with the "principle that . . . those who benefit from public expenditures should pay for them." But he went on to say, in a statement prepared for The Waterways Journal:

"Nevertheless, if it should appear that the imposition of user charges . . . would . . . tend to destroy our domestic water carrier industry, it should certainly be given further consideration." He referred to the Department of Commerce's recommendation, in the so-called Mueller Report, for the establishment of user charges on airways and on the waterways (RA, March 21, p. 31).

On the question of railroad ownership of barge lines, the Vice President had this to say: "There is now pending before the Interstate Commerce Commission a case in which several railroads propose to purchase a barge line. A great deal may still be accomplished through voluntary coordination. Although ownership of other forms of transportation is possible under existing statutes, litigation in this field has restricted substantially the area in which it might be permitted. Whether this area should be enlarged through legislation is a matter which should be left for determination after we have had more experience with voluntary coordination. The public interest will best be served in an atmosphere that encourages cooperative use of facilities and voluntary establishment of through routes and joint rates as between various modes. I would not, therefore, advocate any change at this time."

Senator Kennedy's views on waterways were contained in a statement issued by the Kennedy-Johnson Natural Resources Advisory Committee. Earlier, he had made general observations on railroads in a paper entitled, "Toward a Strong Railroad Industry."

Senator Kennedy called "the distress of our railroads . . . one of our most crucial problems."

Specifically, he called for (1) "a census of transportation so that the Congress and the executive will have adequate and accurate information on which to act"; (2) relief from "burdensome and unnecessary government regulation"; and (3) "greater and more effective use of our railroads" in meeting the problems of urban mass transportation.

Watching Washington *with Walter Taft*

• **TRANSPORT PLANK** of the Democratic platform does not bind Democratic members of the Senate Committee on Interstate and Foreign Commerce. So says Senator Magnuson of Washington, who was chairman of the committee in the past Congress and who is expected to continue in that role during the next Congress.

THAT'S BECAUSE the Democrats will retain control of the Senate, and Mr. Magnuson is not up for reelection next week. His present six-year term has two more years to run.

THE CHAIRMAN'S POSITION was stated in a letter to another Democratic member of the committee—Senator Engle of California. Mr. Engle had expressed concern over one of the plank's statements which says the railroads "are in particular need of freedom from burdensome regulation to enable them to compete effectively with other forms of transportation."

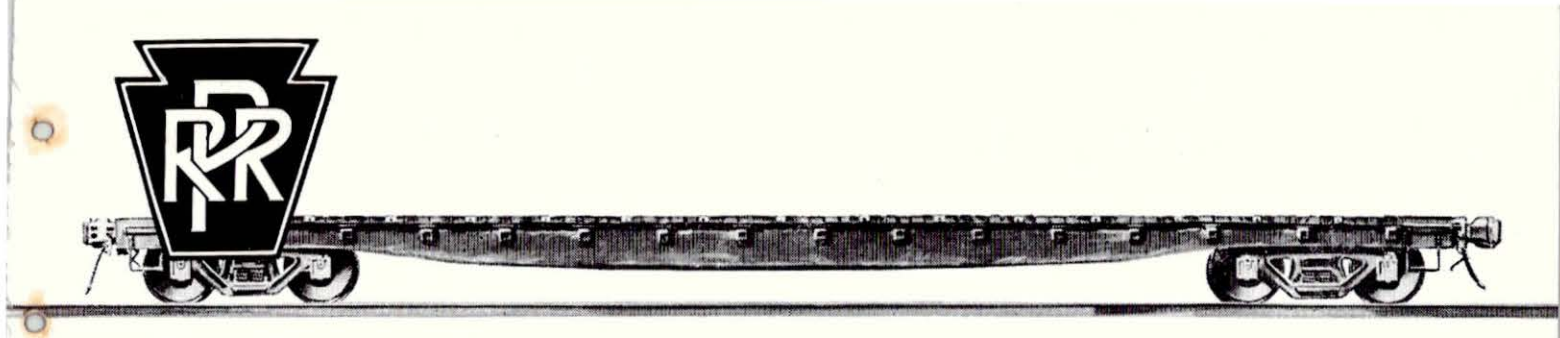
SENATOR MAGNUSON'S LETTER said he had been told that this language was not in the original draft of the plank, but "in the melee which always accompanies writing the platform, the language slipped in somehow." The committee chairman went on to say that, had he been a member of the platform committee at the 1960 convention (as he was at the three previous conventions), he would have insisted that any reference to "burdensome regulation" be broadened "to apply to all modes of transportation, to bring it in line with Congressional policy."

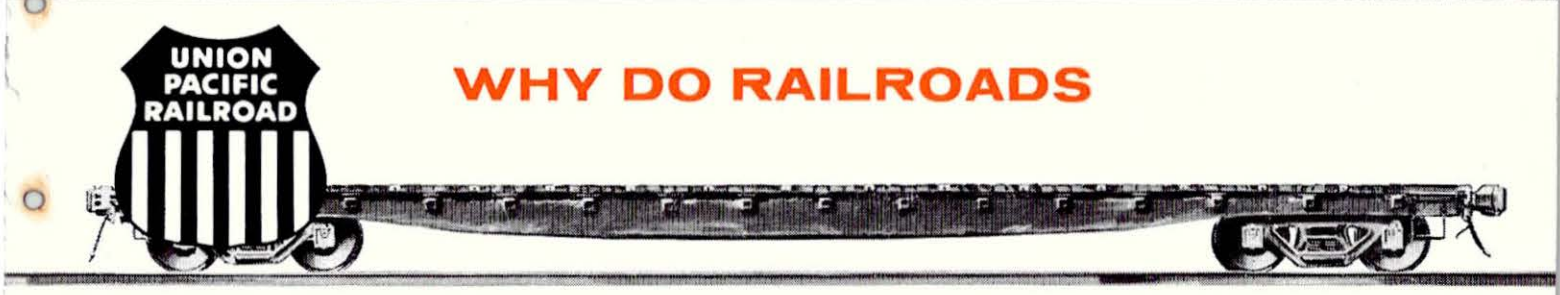
IN HIS JUDGMENT, "few if any members of the platform committee were aware of this particular language and the questions raised thereby," Mr. Magnuson also said. This statement came after the chairman had asserted that "if regulation is burdensome, all forms of transportation should be treated equitably in any proposal to lift such burdens."

NOTING his committee's jurisdiction over proposed transport legislation, the chairman went on to point out that legislative policy is determined by Congress. He added that "this is where the decision will be made as to what is equitable" in the transport field.

DEMOCRATIC MEMBERSHIP of the committee is not expected to change much, if at all. Like Chairman Magnuson, Senator Engle did not have to run this year. Neither did seven of the committee's other nine Democratic members. The two running are Senator Thurmond of South Carolina, who is unopposed, and Senator Bartlett of Alaska.

ONLY TWO MEMBERS of the committee's Republican minority of six senators are also up for reelection. They are the senior minority member, Senator Schoeppel of Kansas, and Senator Case of New Jersey.





WHY DO RAILROADS

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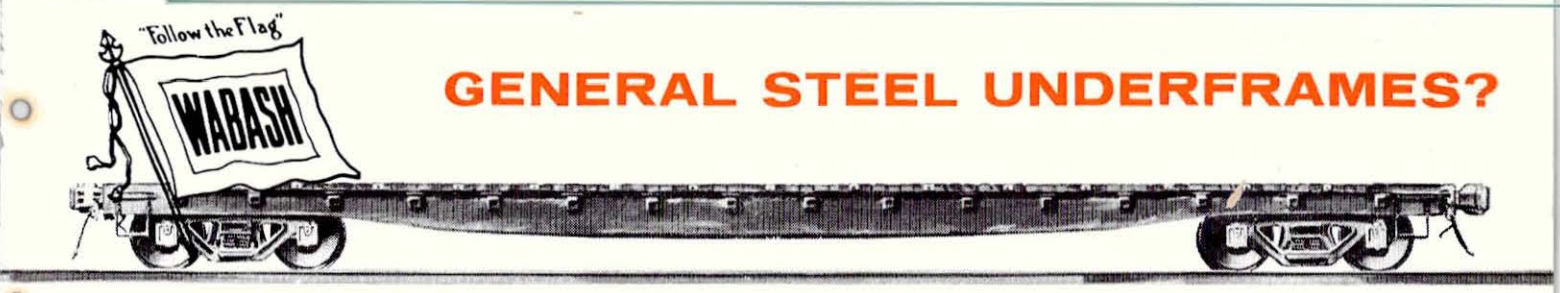

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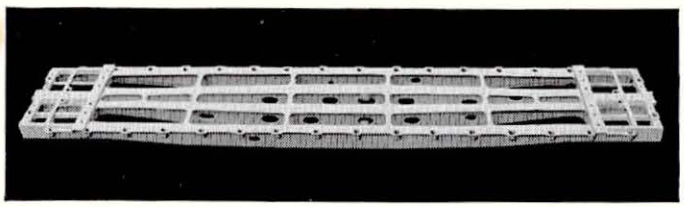

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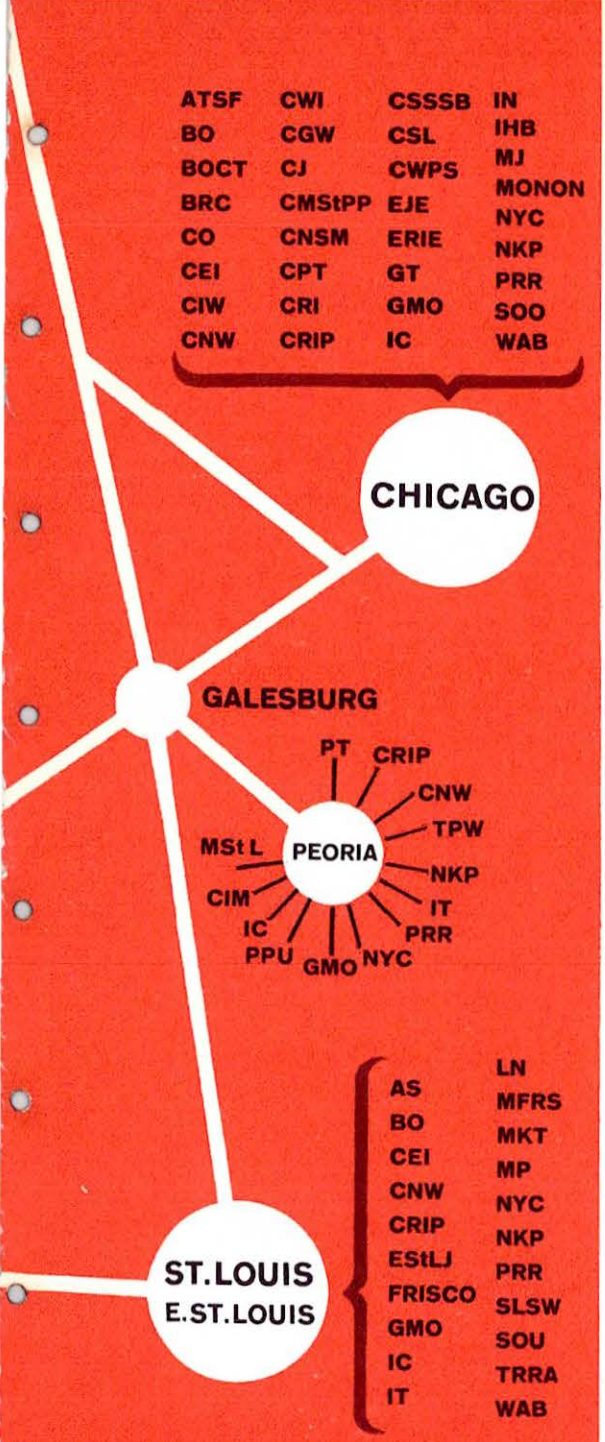

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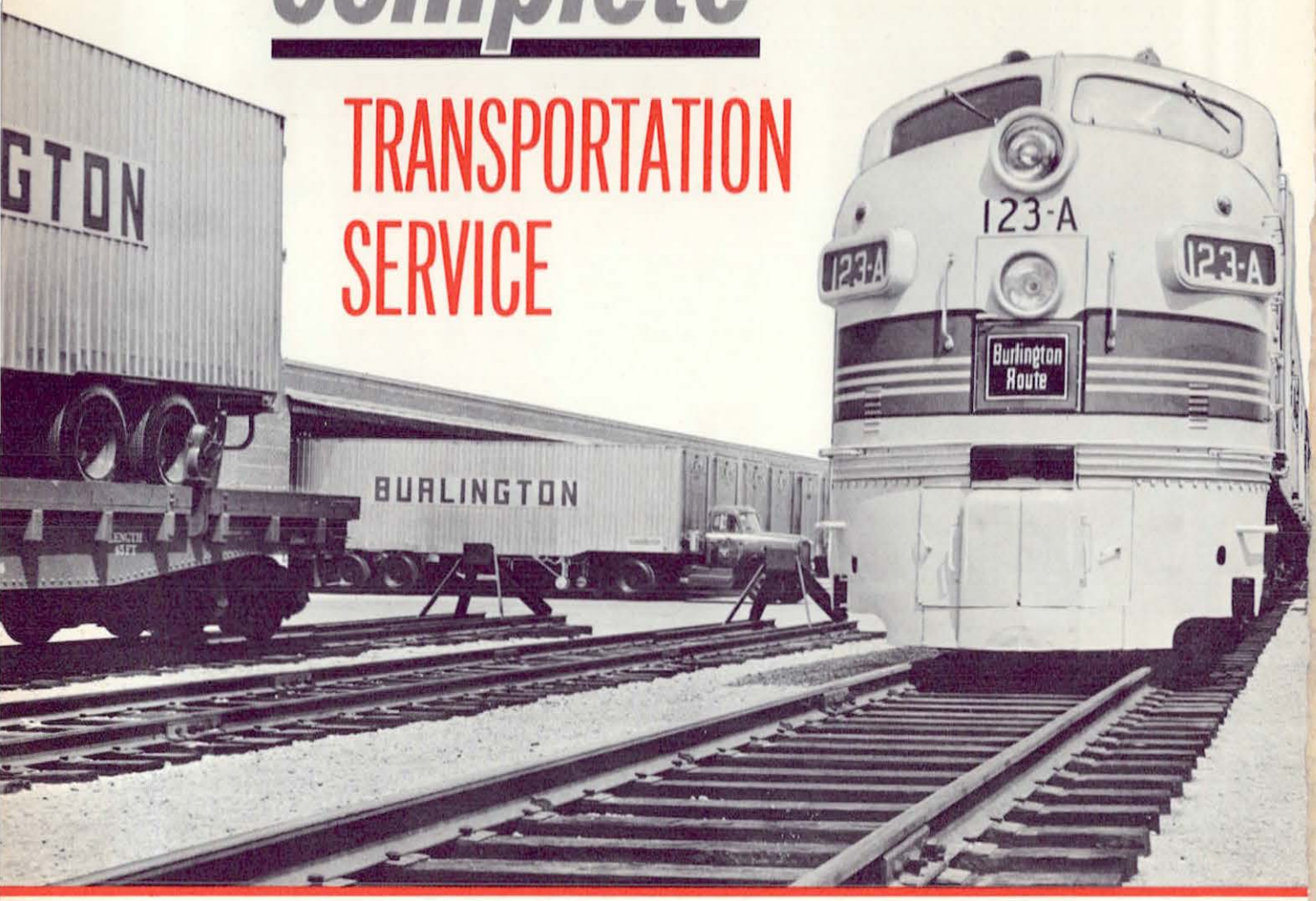

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Rail Mergers Are 'Necessary'

Proposition

At the present time, there are under discussion at least seven proposals to combine two or more major railroads through merger, acquisition of control, etc. [Two of these, involving the Erie and the Lackawanna and the Chicago & North Western-Minneapolis & St. Louis, were approved by the ICC and became effective after this Poll was sent out.] If all the pending proposals should finally be consummated, it would mean fewer competitive routes open to shippers; also, that many communities would be served by fewer individual carriers. On the other hand, it should tend to concentrate service via the best routes; and, by strengthening the financial position of the merged carriers, should result in better transportation for shippers generally.

Questions

1) Without necessary reference to any particular merger proposals, which would you consider more desirable:
a) Maintenance of inter-railroad competition at about its present level, so far as number of companies is concerned? (This, broadly, would mean no major mergers; maintenance of present routings, stations and other physical facilities; continuation of multiple-railroad service at points now having such service.) 0
b) Less, but probably more intensive, inter-railroad competition between fewer, but individually stronger, carriers? (This, again broadly, would mean ultimate approval of some or all pending mergers and perhaps of others; elimination of some routes, stations, terminals or other facilities, but, hopefully, better service from those remaining; fewer but probably stronger railroads in some areas.) 80

2) Do you see any danger that the trend toward mergers or consolidations may result in companies which might be too big or too widespread to be efficiently operated or managed?

Yes 16
No 66

So long as the public interest is protected, railroad mergers or consolidations are "desirable," "necessary," even "inevitable," in the virtually unanimous opinion of industrial traffic managers answering this month's Poll.

Only a handful of respondents expressed any doubts whatever about the wisdom of the apparent trend toward combination of carriers, and they did so in such relatively mild terms that their replies must be classified as reservations rather than opposition.

A significant minority of traffic men do, however, see some danger that mergers may result in companies which could be too big for efficient management or good service.

Most of the men who most strongly favor mergers base their opinions on the railroads' need to cut costs and increase efficiency.

"Survival," says F. S. Clay, secretary-manager, Portland, Ore., Freight Traffic Association, "forces the railroads to consolidate. Railroad labor, the securities market, all dictate the same thing." From the opposite end of the country, at New York, F. C. Tighe, assistant general traffic manager, Union Carbide Corp., expresses a confirming opinion: "Mergers are a 'must' to keep pace with the times and restore confidence in private-enterprise transport."

"Mergers," adds D. C. Ward, traffic manager, Hoerner Boxes, Inc., Keokuk, Iowa, "are inevitable to cut back duplicating service, reduce costs and make railroads stronger and better able to compete."

E. J. Davis, director of traffic, Caterpillar Tractor Co., Peoria, Ill., thinks that, "if we are to have a healthy transportation system," there must be "many mergers of both rail and truck companies." Such mergers, Mr. Davis adds, would help to correct "the only thing wrong with our transportation system —too much supply and not enough demand."

Several respondents base their pro-merger feelings directly on the cost-reduction theme. One of these, L. P. Siddons, general traffic manager, Holly Sugar Corp., Colorado Springs, said: "We have too many miles of railroad competing between the same origins and destinations. Consolidations or mergers would help eliminate this duplication." Another exponent of the same idea is W. K. Cabot, GTM, Johnson & Johnson, New Brunswick, N.J.: "Duplicate facilities must be abolished wherever efficiency demands. Overhead costs must be reduced—or spread over a greater volume of traffic."

Along the same line, F. A. C. Wardenburg, director of traffic for E. I. du Pont de Nemours & Co., Wilmington, Del., would "particularly favor mergers resulting in elimination of duplicate facilities." W. E. Maley, who holds the same title with U.S. Borax & Chemical Corp. at Los Angeles, thinks "there are so many areas where duplicate services are performed that mergers cannot but help the situation."

H. P. Gabriel, general traffic manager, Hershey Chocolate Corp., Hershey, Pa., points out that, at least until recently, "three main-line rail carriers had 113 freight terminals in the city of Philadelphia. Here alone millions of dollars could be saved in taxes and operating costs. Multiply this, with other operating cost savings, by the hundreds of other cities where the same condition exists and you come up with a staggering sum."

Some respondents, like R. H. Heilman, director of transportation, A. O. Smith Corp., Milwaukee, thinks "economies effected by mergers through reduction of duplicate facilities and manpower" will not only "strengthen the transportation agencies" but will "eventually result in reduced rates being passed on to industry."

Much the same hope—that mergers will lead in the long run to lower charges—is expressed also by such respondents as J. W. Dobmeier, traffic manager, Buffalo Forge Co., Buffalo, N.Y.; H. F. Sixtus, general traffic department manager, Mohasco Industries, Amsterdam, N.Y.; and L. J. Rowley, manager of traffic and transportation for Lockheed Aircraft's California division at Burbank.

Competition—or at least the conditions under which railroads presently encounter it—seems to be considered as a double-barreled reason for merger. On the one hand, as O. A. DeCroce, GTM, Armstrong Cork Co., Lancaster, Pa., says, "fewer financially sound, well-managed railroads is the more desirable alternative" if the railroad system as a whole "is to remain strong enough to compete with other forms of transportation." (Mr. DeCroce "would prefer" to see inter-railroad competition remain somewhere near its present level, but accepts the merger idea because "too many railroads are in serious financial difficulty.") "Consolidation is the only answer," says H. H. Kohn, TM, Linwood Stone Products

(*Continued on page 56*)

Roundtable: Why Canadian Rails

► **The Story at a Glance: Canadian railways—like those of the United States—have made rapid technological progress in the past 15 years.**

Now they are moving rapidly toward equally far-reaching, and possibly even more significant, progress in sales, market research and rates. Their efforts in those directions also parallel—but in some cases are ahead of—comparable efforts in this country.

To find out what is going on in Canada, what shippers think about it, and what ideas may be applicable here, Railway Age—in cooperation with the Canadian Industrial Traffic League—recently sponsored a roundtable discussion, in Toronto. The article which follows reports what Canadian railway sales executives and representative Canadian shippers said at that meeting.

Hudson: What, in general, is the thinking behind and the objective of the recent sales-oriented reorganization of Canadian railway traffic forces?

Hart: In general, we on Canadian National would like to get ourselves in a position where we can think of ourselves as the transportation arm of every industry in Canada. To do this, we must know, first, what we do ourselves—our way of doing things, our facilities, and so on. Secondly, we must get a better idea of our competitors' way of doing things. I use the term "competitors" in the general sense rather than in the traditional railway sense. The real competition—the strong competition that is going to change our way of doing things—is competition coming from other modes of transportation, rather than from other railroads. Thirdly, we've got to get to know a lot about the business of our customers. So there is a three-pronged result flowing out of the total change of the climate of competition in which we are working.

Edsforth: I heartily endorse everything Mr. Hart has said. There can be no doubt we are up against an entirely different concept of transportation today than we were, say, 25 years ago. We have to adjust ourselves to meet that new situation. In the past our efforts have been pretty much directed to selling what we were given to sell rather than to marketing, that is, to finding out what our customers needed and seeing if we could design the kind of transportation they did need at a price they could pay. Our recent reorganization is a good example of our thinking. We have broken down our territories into somewhat smaller units. We have tried to make each of those units more self-dependent. We have given them more local and regional authority. We have tried to clear the channels of communication to eliminate what were sometimes bottlenecks. We are trying to give our people an opportunity to, let's say, educate themselves a little better by giving them more responsibility, making them more responsible for what goes on in their own territory.

All those things, of course, have a primary object, and that is to develop traffic for the transportation company. I say transportation company and not railway company because we feel now that we are selling transportation, not just rail transportation, and that is the concept on which we are working.

Hudson: I take it you hope to correct by your reorganization a situation which seems to exist in the United States. Railway Age last year conducted a poll of shippers who replied, in general, that railroad salesmen as individuals are good, are helpful to industry, but frequently have too much trouble getting action on rates or service matters when they have to go through higher echelons of their own company.

"We are up against an entirely different concept of transportation...We have to adjust ourselves to meet that new situation...We feel now that we are selling transportation, not just rail transportation..."

C. D. Edsforth

Edsforth: That criticism applies to Canadian railways also. It is one of the problems we are trying to overcome. We feel that our reorganization, and the placing of more responsibility on people in the field, will at least partially overcome it. Of course, it can't be done overnight, but we are working on it.

Dean: Both speakers have mentioned the change in railway conditions, but neither mentioned the change in industrial conditions. At one time every industry had a warehouse, and shipped from that warehouse. Customers carried big inventories. That's all gone, because of the change in transportation conditions. Customers no longer need to carry a large inventory. The primary producer carries whatever inventory needs to be carried, and it's a hand-to-mouth proposition. That's one of the main reasons why railroads have got to change their whole method of doing things.

Hart: I agree completely. Whether we like it or not, it's bringing into play forces we hope to meet. Speed of service, speed of information and speed of decision are of absolute importance to industry now, and they must get that from the transportation arm as well as from the other parts of their operation.

Johnston: You are quite right, Mr. Dean. It is our hope and intention, as rapidly as possible, to extend our thinking well beyond simple transportation from point to point. We know we have to project ourselves right into your plant, right to the end of your production line, and to the customer's shelf. We have to think of the industrial traffic manager's problem in terms of packaging, of primary distribution and redistribution. We also hope industry, for its part, will continue to extend the responsibility of industrial traffic managers, to permit them to think and act in terms well beyond transportation itself, to enter into the field of materials handling, of warehousing, packaging, unit loading and so on, so that when we approach industry we will, to a much greater extent than now, be able to deal with one man, one department, one group. By the same token, we hope when industry comes to us they, too, will be able to deal with one group.

Speaking specifically to rates, we are now setting up "commodity panels." Heretofore, the railway rate man has been charged with knowing

Stress Sales

Panel Participants:

FOR THE CANADIAN NATIONAL . . .

A. H. Hart, vice president—sales
G. R. Johnston, general sales manager—freight
R. R. Latimer, assistant manager, freight sales development

FOR THE CANADIAN PACIFIC . . .

C. D. Edsforth, vice president—traffic
John Fullerton, general freight traffic manager
W. G. Scott, manager, traffic research

FOR SHIPPERS . . .

F. W. Dean, general traffic manager, Steel Co. of Canada
Harry Henson, traffic manager, British American Oil Co.
D. W. Kennard, traffic manager, Union Carbide Canada
Charles LaFerle, general traffic manager, Simpson-Sears
George Paul, manager, transportation department, Swift Canadian Co.
W. J. Rae, manager, transportation & supply, Lever Bros.
W. H. Shoemaker, assistant general traffic manager, Abitibi Power & Paper Co.
V. G. Stroud, general traffic manager, Duplate Canada & Associated Cos.
P. T. Brewbaker, manager of transportation, Hooker Chemical Corp., Niagara Falls, N.Y., representing the National Industrial Traffic League
R. Eric Gracey, general secretary, Canadian Industrial Traffic League

FOR RAILWAY AGE . . .

G. C. Hudson, traffic & transportation editor, and panel moderator

all things—of being a master of all rates and tariffs. The pattern of manufactured goods is now so complex we feel it is impossible for one man to know how to rate and how to treat the varied commodities produced; to know what their competitive features are, not only domestically, but on an import basis; and how this traffic is related to other traffic. We can't expect a man to be an expert on, say petroleum rates, and at the same time know all about soda, potash, and so on. We hope eventually to have five or six senior officers in charge of different commodity panels. Each of these directors or assistant sales managers or whatever we may call them will be charged with familiarizing himself in detail on the specific problems of the industries in his group. Industrial traffic managers, in turn, will know to whom they may go directly to deal with rates pertaining specifically to their products. It will take a little while to train people, but we are in the process of doing that. Certainly speed of decision-making on rates has been demonstrated as absolutely vital.

Henson: We are in the same position as the railroads. This is a more competitive economy than ever before. Any saving that can be made to put you in a more competitive position has to be made immediately or you have lost your opportunity. All of us have to be more aware of cost than we were a few years ago. This is particularly true in a growing business, because if you stay put, you are dropping behind.

Hudson: Do you, in general, feel that the railways are moving in the right direction in their reorganization plans?

Kennard: May I strongly suggest to the railways that, when this reorganization has been carried to a point of near finalization they give it the widest possible press coverage to industry. There are countless industries which don't know to whom to go in the railways to discuss their problems in a manner expeditious for both parties. These moves you are making are excellent, but if they were publicized much more widely than they are now, you would get much more beneficial results.

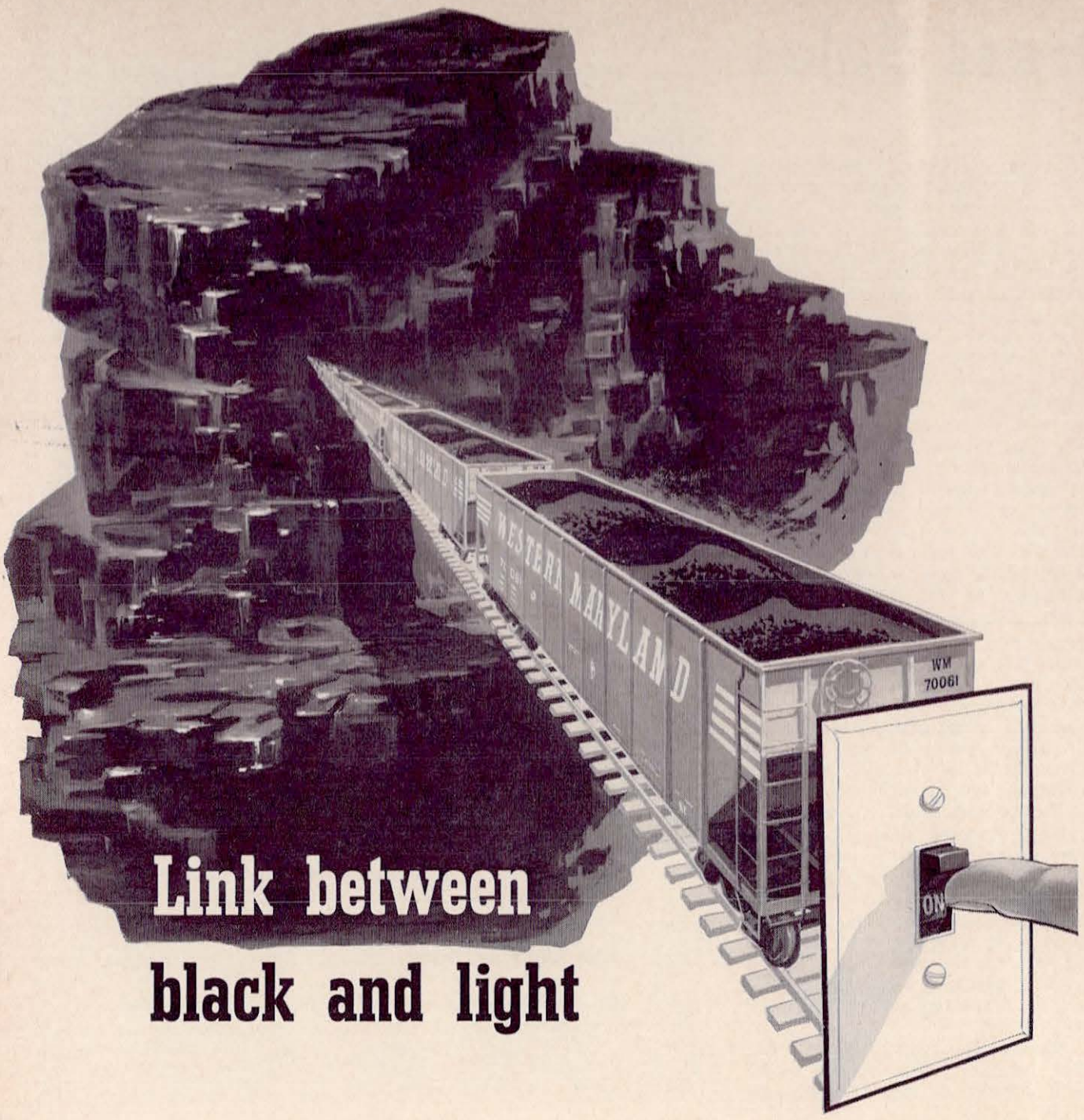
I was also very glad to hear that you feel the need for closer relationship with industry . . . the need to know more of what industry is doing . . . what our transportation problems are. How far have you advanced in your own plans to bring your own companies closer to industry?

Scott: While the CPR has been actively engaged in technical research for years, for the purpose of improving railway service, little has been done as yet towards a better understanding of the shipper's distribution requirements. This will be one of the major functions of the traffic research group. We also have two other departments which are going to become more research-oriented — industrial development and agriculture. They will supplement the work of traffic research by functioning as specialists for the type of traffic with which their work is most closely associated.

As for the question of how we plan to get closer to industry, that, of course, is largely a matter of staff. While we haven't thought this problem through completely, we do feel there will have to be some sort of working committee made up of traffic, operating and transportation officers which will go directly to industry and study their transportation requirements. On the basis of their findings, we will then have to meet these requirements as best we can.

Johnston: We hope eventually we can go to industry and say: "We can't get a firm understanding of your

(*Continued on page 22*)



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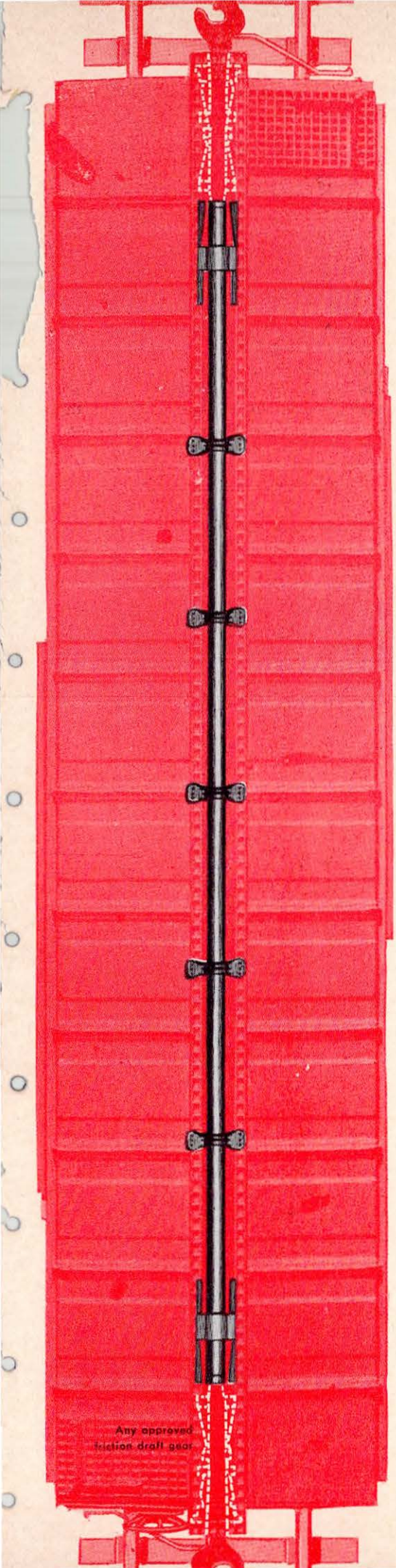

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WHY CANADIAN RAILS STRESS SALES (*Continued from page 19*)

problem just by talking across the desk or meeting you at lunch. We would like to place a man in your plant, visit your warehouse, look at your production lines, see your general distribution, work with your technical people and talk over problems with them." We wouldn't ask you to expose your total transportation book but, of course, if you want to tell us what you're giving to our competitors, we'll look at that too. We can't be very successful however, unless industry is prepared to invite us in to see the problem at first hand.

Edsforth: To carry this a little further, that certainly is a very important aspect—perhaps the major one—to go in and study an industry at first hand. The railways do have a marketing problem which is perhaps a little wider than that, in that they have to transport thousands of commodities, and have hundreds of thousands of people to deal with. While it would be possible to deal with large industries, there is a great scattering of small industries all across the country which we won't be able to contact quite as readily. That, I think, is where the Canadian Industrial Traffic League can perform a most useful function, in that its members are a real cross-section of industry all across the country. With the cooperation and help of the League, I think much can be done not only to determine the problems of the smaller shippers but to get information which will enable us to see where we can help them.

Hudson: I think you rail people have struck a very responsive chord when you say you are interested in raising the professional status of industrial traffic managers—that you would like to have one man or one department with whom you can deal. You spoke also of reaching smaller towns or smaller industry. Wouldn't the complete press coverage that Mr. Kennard mentioned be one good way of doing that?

Hart: We have to do that, most positively. The CITL has been most kind in publicizing the changes both companies have been making. Technical news magazines are also a good way of publicizing to the groups really interested. I know we can look forward to the continued cooperation of the CITL, and of such magazines as Railway Age, because they are the ones that hit the people we want to reach. When you take in the entire population, our customers are not a large percentage of the total. There are specific ways in which we can cover them directly and get the information through. This, however, does not take away from the absolute necessity of our own people making certain that their customers in individual industries know specifically by word of mouth what is going on. Furthermore, in my opinion, we must stop being passive—stop expecting people to come to us to tell us their problems. We must be actively trying to determine the problems; to come up with answers that will be good from your point of view, and from our point of view.

In research, there are really two problems. There is strategic research to determine the problems of the steel industry—of the pulp and paper industry—of the oil industry, and so forth. This can be done, and should be done, on an industry-wide basis. This can and probably will continue to be done by our research group. At the moment we are in consultation with two of the large industrial groups to find out our market difficulties.

Basically, that is where we are lacking in total knowledge, that is, to find out what our market is and how to slant ourselves toward it.

Then, after that, there is a tactical research job and in our concept that will be done within the sales department itself. This involves meeting with the individual customer to see how the broad principles developed by the industrial study can fit in, not to the steel industry as a whole, but to individual steel companies, and whether or not we have to do any changing. Out of these things we hope difficulties will be exposed and appropriate solutions developed, and that we will be able to shoot our thoughts out to the total sales force so that when small industries are called upon by our line sales group, our people will go with information that will be useful, and our salesmen will actually have something to sell.

Latimer: Up to now stress in research work has been placed on making direct contact with each customer, finding out specific problems and trying to work out some fairly fast solutions. There is something else that can be done, partly from a research point of view, and partly with the idea of bringing the railway and its customers closer together. The railway has a lot of knowledge about transportation costs and transportation factors, and how they can be affected and modified. Possibly many of the matters now settled by individual judgment and discretion could be standardized, published and made known to industry, so industry in its turn could start thinking imaginatively of how railway companies could be used in different ways. This, in itself, would bring us closer both to big shippers and to small and medium-size shippers. By making more choices and alternatives available to the public we would stimulate a lot of people to come to us with suggestions as to how they could better use us.

Fullerton: One of the things we hope to accomplish by this reorganization is to have our rate people call on industry. Up to now we have expected them to be able to answer questions regarding, say, flour and feed. Then the next man is interested in lumber, and the next in iron and steel. To overcome some of the difficulties, we hope to have the rate men go around and discuss some of the rate problems. But we still have to think of some contribution to overhead after we have provided the service.

LaFerle: My observation is that the frustration of traffic managers is not due to the senior officers of our Canadian railways, but to their field men. I am talking about some local agents. The local agent, whether in a small town or a big city, is the local representative of the railway company. He should see that the customers in his territory are looked after, rather than create a tremendous amount of frustration which results in shippers saying: "I'm through. I'm not going to call him again."

Your main difficulty is with some of your local freight agents who do not assume the responsibilities of the job you have allocated to them in their territory. They can cure a tremendous amount of your trouble by showing their customers they are interested in their business. Although things have changed a little bit in the last few years, some agents don't seem to care when you get your shipments, how long it's going to take, or how long it's been in the shed.

We are fortunate in that we enjoy a tremendous amount of friendship for Canadian railway officers. The flexibility of getting rates fixed is not so complicated as you enjoy, or rather detest, in the United States. We have men here today who have damned the old system of getting business. They are creating an organization based on fundamental principles of salesmanship. They will succeed if they keep on approaching it on lines based on discussions we have had so far. In the past

(*Continued on page 24*)

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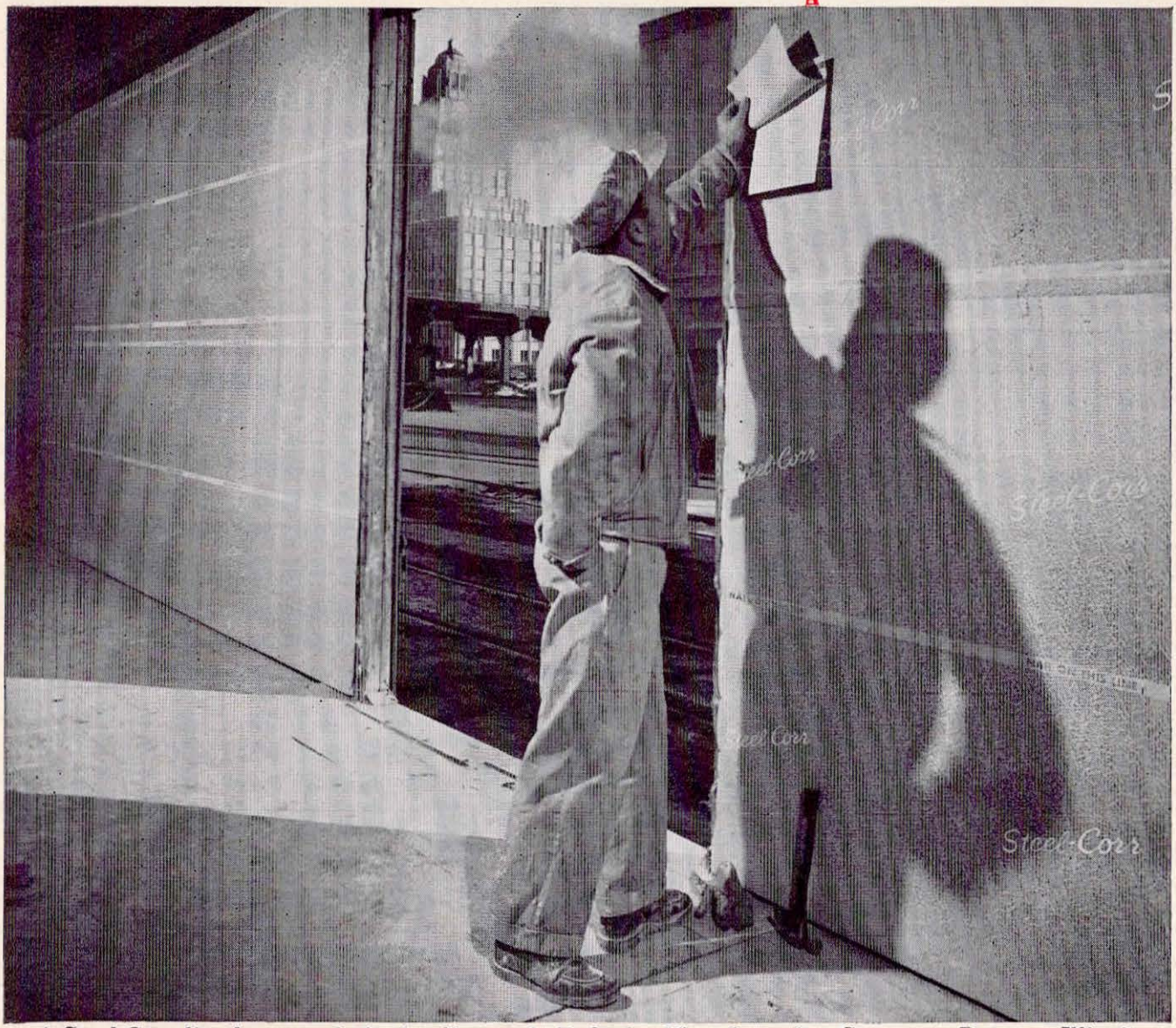

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WHY CANADIAN RAILS STRESS SALES (*Continued from page 22*)

IN THE USUAL ORDER: Messrs. W. G. Scott, and Harry Henson.

railroads failed to sell their services in a tangible way. Their attitude was a passive one, in which the buyer of transportation had to seek on bended knee arrangements by which he could give them additional traffic. I mean that. It is the responsibility of railway people to go to industries, as Mr. Hart has said; to see what there is in the market to buy, and what they have to sell.

The small shippers have been carrying a tremendous burden of transportation. That's why they have divorced their operation from railway to highway—because of the flexibility of highway operation, the dependability of knowing when to go and how to go, and whom to see if you want service at a cost. I'm not talking about cheap rates, but at a cost.

It cheers my heart to hear Charlie Edsforth say: "We are in the general transportation business." I hope the railroads remain in it. I hope they divorce their minds and their thoughts from those two rails and stay in the general transportation field.

I represent an organization which, at one time, was about ready to desert the rail carriers, due to poor service. Local agents didn't give a damn when freight got there, or if it got there. We went to the railroads and said: "We will stay with the rails if you can eliminate all the red tape that exists today, like classifications. Tell us how much you want us to pay you for a carload. Convert that into so much a hundredweight, but cut down the paper work." We succeeded to the extent that we cut down our paper work by not less than 75%. Traffic is moving excellently. There is no trouble about time in transit. The way of arriving at your laid-down cost is a very simple mathematical formula. Instead of having 40, 50, 100 items on a bill of lading, we just have one line. We say: "Here's your tonnage. There's your quoted average rate." It is not an agreed charge. As a result, the group I represent is now 100% with the rails. The railroads have at last realized how important our traffic is without any complication of classification, loading or distribution.

It's very healthy to localize your problems. I am sure the way you are breaking up your divisions now will get you some good results. Many times when we have a problem we feel we are just going in circles. So we finally say: "Why should I go to all this trouble? We've got trucks offering the same kind of service, perhaps at less cost, so why should I continue to be frustrated?" After somebody else gets the business, the city solicitor comes in and says: "Why did we lose this business?" Then he tries to regain it, but it's too late to switch after you have diverted the traffic. You railroad people have the greatest potential organization in Canada. I've always said you had the ability to do what you're trying to do today, but there was a certain amount of restraint and dissension. I want to congratulate the carriers on the way they are approaching the present problems.

Dean: I was delighted to hear Mr. Johnston say the railways are changing their ideas so far as freight rates are concerned. I have always marveled at the ability of a freight traffic manager to know everything about every business. How he does it, I don't know. I have the highest admiration for those at the head of the traffic departments of the railways for the outstanding ability they have displayed, but I think the time has come when it should be split up.

I am thinking, for example, about our own sales department, which is divided up according to commodities. When our man goes out to talk about a particular commodity, he knows all about it. He doesn't have to talk about all the others that we sell: I think it is time the railways come to that conclusion because I know I like to deal with a man who is an expert on iron and steel freight rates. I don't expect him to know about grain, oil and other things, but I do like him to know about the problems in the iron and steel industry.

LaFerle: He should come to help you solve your problems.

Dean: That's right, but he can do a lot better job if he's an expert on particular commodities rather than having to be an expert on every commodity that moves in the country.

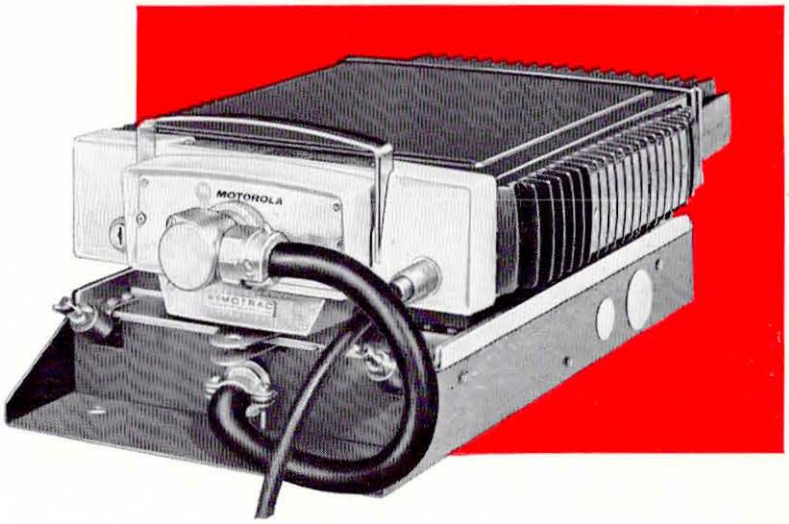
LaFerle: In other words, you have nothing to sell, but you've got everything to buy and the seller should be

(*Continued on page 29*)

Flip a switch...use 64/12 volt

MOTOROLA MOTRAC RADIO in ENGINE...CABOOSE...BASE STATION

- **NO NEED TO CHANGE POWER SUPPLY, one radio serves both 64 and 12-volt DC applications.**
- **No radio modification required for base station use—AC-to-DC Adapter permits for operation from 117-volt, 60 cycle current.**



Mounts in standard AAR single unit rack.

Now, new flexibility . . . new time and money savings can be yours when you standardize on one basic radio to serve all of your operational needs. The Motorola MOTRAC Railroad Radio can be used in the engine from 64-volt DC power . . . in the caboose from the 12-volt DC power . . . and in base station applications from 117-volt AC power with adapter.

HERE ARE THE FACTS:

MOTRAC radio eliminates the common maintenance problems. No tubes in the receiver and no vibrators in the power supply.

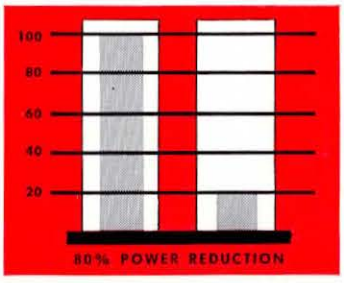
- Voltage changeover switch is readily accessible to authorized railroad personnel—voltage may be switched from outside of housings, yet is protected from inadvertent switching.
- All components are in one "package" with common metering sockets readily accessible—operation can be tested quickly with present Motorola test equipment.
- Polarity protection assures against damage to radio if primary voltage of wrong polarity is applied.
- Completely enclosed housing provides maximum protection from dust, dirt and water.

In Motorola MOTRAC Railroad Radio, every attribute of the transistor—reliability, light weight, compactness, reduced maintenance and operating costs—are initially and fully realized.

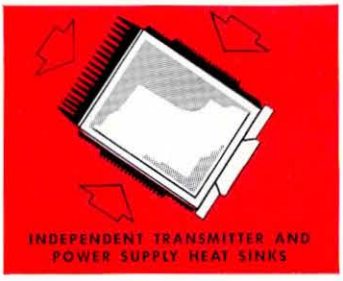
THE RESULT: ***Reliability*** never before achieved in railroad communications.

All the facts are as close as your nearest Motorola Railroad Communications Representative. Call him today.

POWER SUPPLY—The *first* to provide dual voltage with proven transistor reliability. This dynamic new concept in a railroad transistorized power supply is accomplished through the use of series transistor switching circuits. The series circuit design allows greater safety margin since only low voltages are applied to power transistors—heat producing voltage dropping resistors are eliminated. **VOLTAGE REGULATION** feature assures constant operating voltages—longer transmitter tube life . . . stable receiver performance. **OVERLOAD PROTECTION** automatically removes radio from the primary power in the event that overloads or short circuits occur.



RECEIVER—With transistors, power consumption is cut 80% and operating temperatures are reduced up to 40°F. *Rugged die-cast chassis* and the use of dependable printed circuitry are among the industry's most advanced design features.



TRANSMITTER—Proven Motorola design uses only five tubes—with only three different tube types. This means valuable time and money savings—minimum tube replacement problems. External heat sinks assure maximum component service and efficiency.

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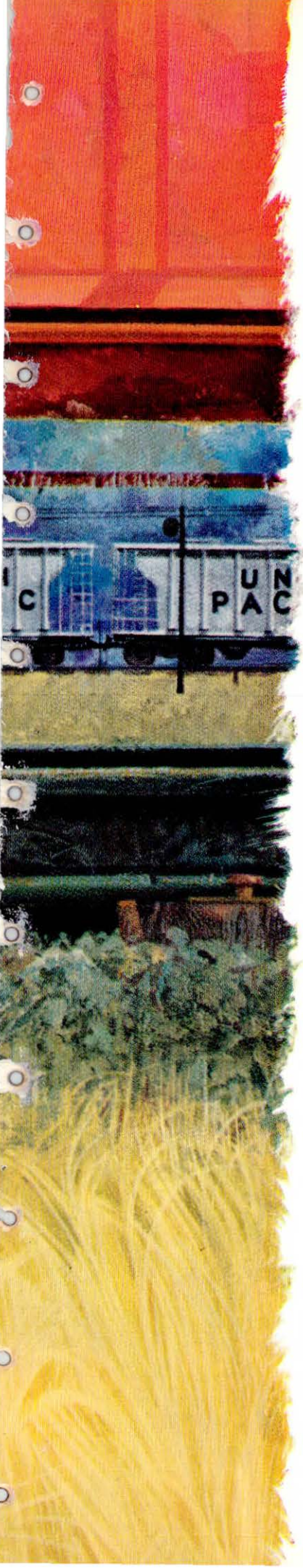
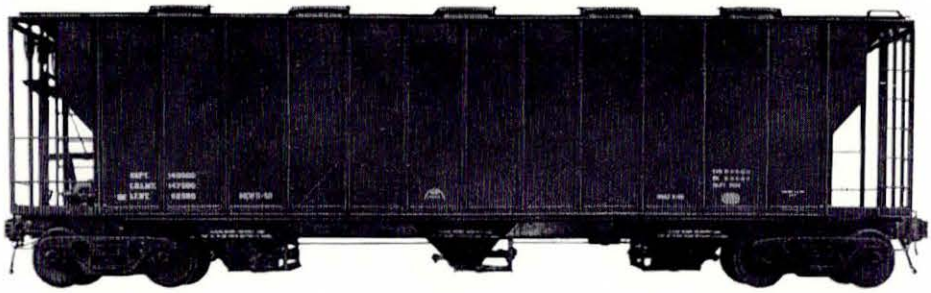
The ACF Covered Hopper Car is another member of American Car and Foundry's fleet of Production Design Cars that are helping railroads to offer better service at lower cost.

AMERICAN CAR AND FOUNDRY

Division of acf Industries, Inc., 750 Third Ave., N.Y. 17, N.Y.



CH-3500 PRODUCTION DESIGN COVERED HOPPER CAR



ACF COVERED HOPPER CARS GIVE BETTER SERVICE AT LOWER COST

Fast delivery at lower initial cost—
Production Design methods simplify ordering, speed delivery and pass along immediate savings.

Stronger and longer lasting—
extra strength and support in members subject to stress and extra thickness in all interior sheets.

Easier, faster unloading—
one-piece end and cross-ridge floor sheets and all-welded, smooth interior for complete emptying.

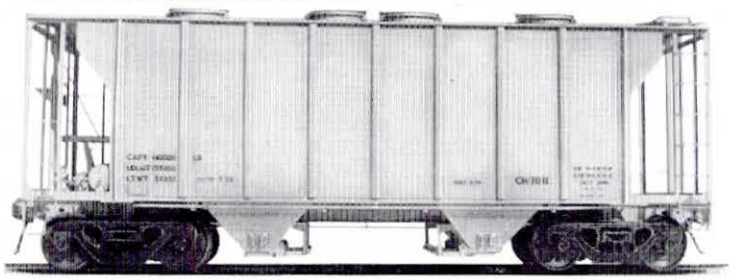
Cleaner lading, easier operation—
weather-tight, fast-operating hatches...smooth roof design to prevent road dust accumulation.

Available in 4 sizes—
2,000 to 3,500 cubic feet capacities, twin or triple hoppers, Ship-O-Matic feature optional.

ONE MAN UNLOADS WITH SHIP-O-MATIC

For shipment of granular or powdered commodities, the Ship-O-Matic feature allows one man to unload in three simple steps: 1—screw off unloading cap, 2—open air inlet and 3—insert suction hose. Pneumatic outlets adapt to any size conveyor system unloading both sides of each hopper simultaneously. Cars also unload by gravity flow.

CH-2000 PRODUCTION DESIGN COVERED HOPPER CAR



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in a position to convince you that he's got something to sell that's worth something to you.

Dean: Yes, that it's something I want to buy. In other words, I lay my rate problem before him and tell him: "Here is what I am up against." I expect him to know something about the problems of the steel industry in marketing its product, because if we don't market our products the railways certainly aren't going to haul them.

Hudson: I take it shippers feel railroads generally are moving in the right direction in their sales reorganization program. If there is no disagreement, I suggest we get into more detail on market research. Mr. Scott and Mr. Latimer told briefly what their objectives were. Could they go into a little more detail as to how they are operating—what they are doing.

Latimer: Freight sales development, which is the successor to traffic research on the CNR, is working in several different fields.

First, we have under way development of much more complete, and more readily available, current statistics on our own business. A great source of difficulty in planning changes has been the almost total lack of any current statistics—good statistics—on what we were doing. That development, through modern accounting machinery, is well on its way and should be completed over the next two years.

Second, we are charged with and trying to develop a good deal more information than has ever been available before on transportation patterns within the country, by commodities, industries, areas. This is primarily information dealing with our share of the market in various commodities, by mileage blocks, weight and shipping groups. It adds up to very detailed information on traffic patterns. This kind of information is very difficult and very expensive to come by in many cases, so the approach at the moment is fragmentary and we're not at all certain as to how it will be accomplished in the long run.

Finally, there is the area of detailed research studies in cooperation with individual shippers. Because of limitations of time, manpower and money, this is an approach which can be made only selectively where we see worthwhile returns available. What directions it will take depends entirely on the problems found within the industry or company being dealt with.

That takes care of the kind of market research we are and will be doing in its purest and narrowest sense, but in addition we are also taking a look at our rate structure. I mentioned earlier the great complexity of industries, especially the small and medium-size ones, our inability to be in personal contact with each of them, and the undesirability of waiting for them to come to us with their problems. In many cases they simply don't bother to come to us. Thus, we feel that some type of general rate and service action must be considered. Such action would announce to this great number of small and medium-size shippers that we are in business to be competitive, and that we offer these attractive services and rates, not as a matter of coming to us and negotiating, but as an open matter available to all comers who want to make use of it.

Scott: The broad concept of market research involves more than simply traffic matters. There are probably four major fields in which market research can be useful to management.

The first is through the development and analysis of traffic data essential to rate departments as an aid to the many difficult rate decisions they have to make. Second, is the development of sales information necessary for intelligent direction of sales efforts. Third, is development of better understanding of what the transportation market actually is. One problem railways have to face is that there are no proper government statistics available from which we can determine our total traffic market. Steps are being taken in Canada to improve this, but these are directed basically at the total traffic market rather than a breakdown by areas, by commodities and between carriers. One of the major fields we have to explore if we are going to try to determine policy with respect to traffic matters is what the market of our competitors is. We have a rough idea as to what they are carrying, but we get very little assistance in this matter from any government statistics. Industry, on the other hand, through the industry census, does have better raw material which it can use for market research studies.

A fourth field for which market research should be useful is in planning capital budget projects, which, for their success, depend on the traffic that is going to be available to support them.

One of the most important fields of market research which has not been looked at closely and which we do have to consider is the matter of transportation costs versus distribution costs. In many industries, it is possible to save on transportation costs but the savings may be more than offset by additional distribution cost, incurred by transportation services which are not quick enough to meet their requirements. I feel we have to, either on a pilot basis or some other basis, select one or two industries and take a close look at this question of transportation cost versus distribution cost.

Hart: There has been a great deal done in this particular field by industry in general. Railroads started quite late. There is a tremendous amount of background available for us to slant into our own particular way of doing things.

We have been, perhaps, mixing up two different concepts. There is the cost concept, which railroads themselves have had to develop because of the costing techniques peculiarly applicable to railroads. I think Canadian railways have done as much to develop these techniques as any railroads in the world.

But we have been slow on the marketing side—that is, pure marketing, your share of the market, what you are getting, etc. Mr. Scott has described a lot of the difficulties that lie in our way. We haven't got the industrial statistics. But I believe all industries started out this way. We have just started and we are going through the same difficulties other industries have gone through, except that ours is perhaps more complex because we deal with a larger amount of commodities and have our tentacles out into every industry.

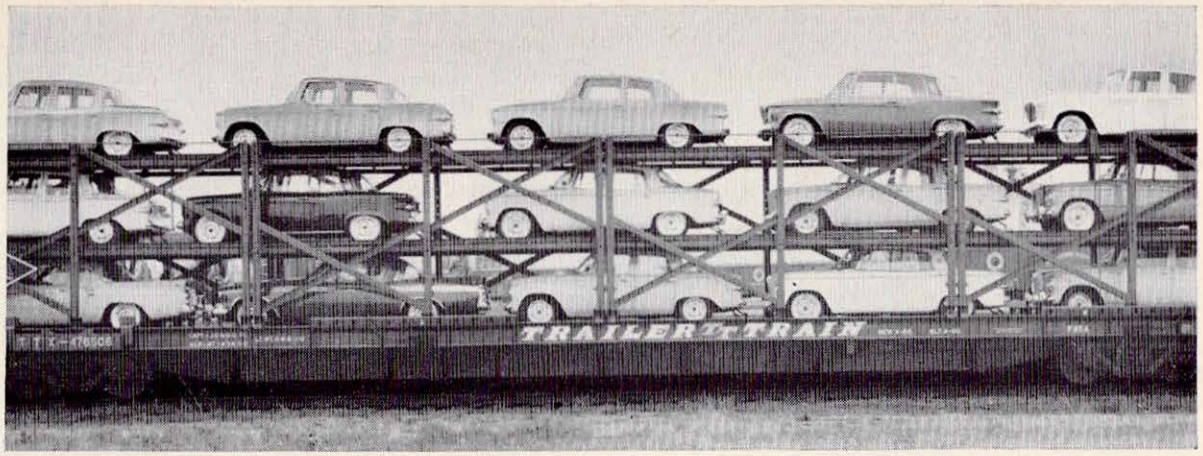
Gracey: This program sounds wonderful, but I get the feeling it is massive in size. Most shippers, and some of your competitors, benefit from personalized service. How will you be able to relate this down to the smallest shipper? I realize you can only go to certain industry groups. Maybe they provide the bulk of your traffic. But there is still a tremendous volume of business available from smaller firms. How are you going to tell your story to them? You have very kindly said the League can help you. That's flattering, but there are a great number of potential members we don't touch. There are many organizations that are shipping, perhaps not in very large quantities, but where a single man wears two or three hats. He may be the shipper, the purchasing agent or may have some other job. How are you going to get across to them that you are anxious to have their business?

Latimer: You pretty much have to

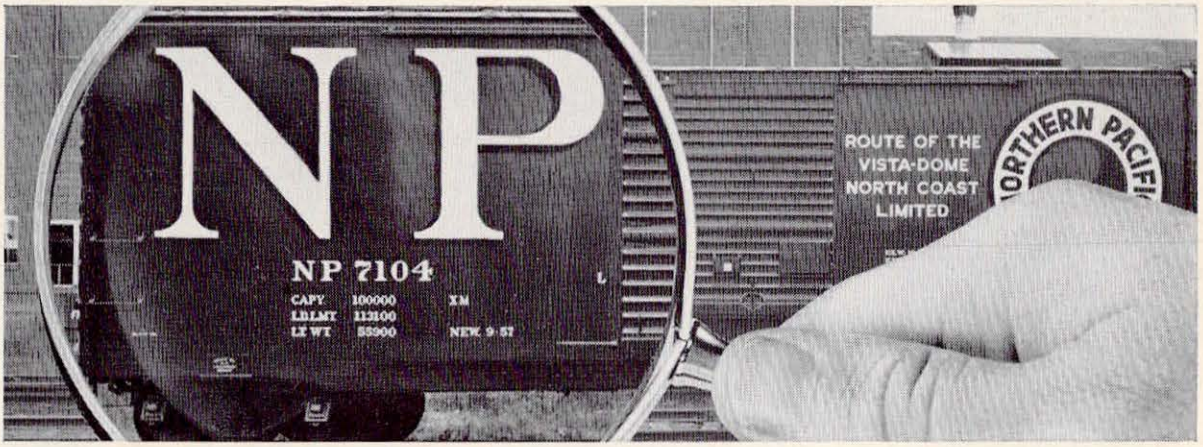
(*Continued on page 34*)

COOL NUMBER!

Workmen at the Pacific Car and Foundry Shops in Renton, Washington are shown insulating one of the 100 mechanical reefers ordered by Northern Pacific this year. Before the year has ended, NP will have added 1,800 cars to its freight fleet—including nine hundred 40-ft. box cars with combination plug and sliding doors and 250 heavily-insulated cars with damage-prevention equipment. It's all part of a continuous program to provide the right car for the need—on NP!

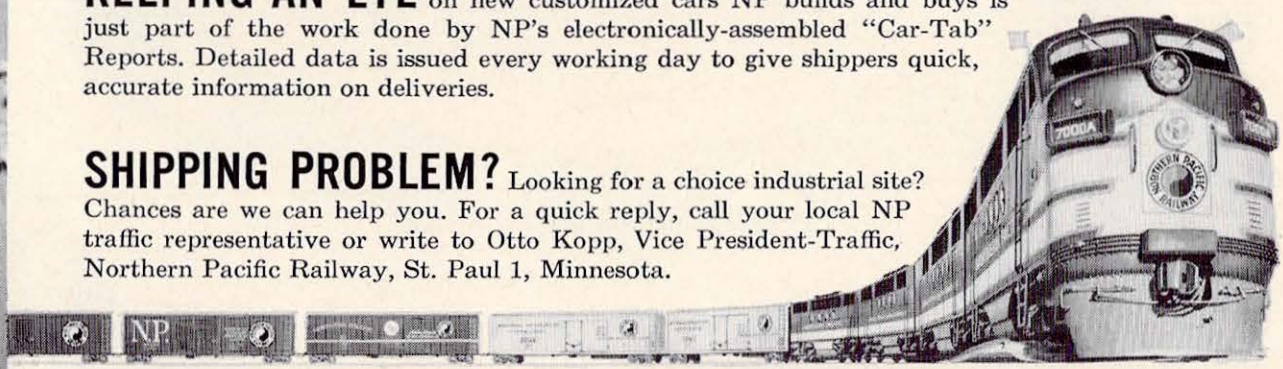


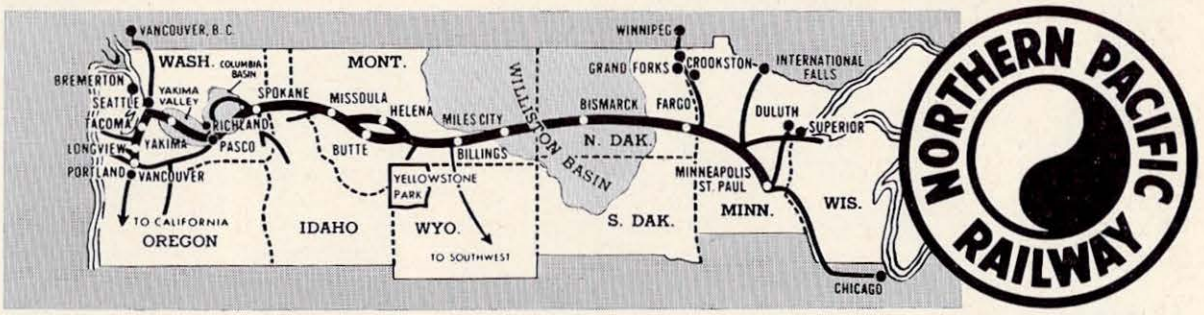
A "PARKING LOT" ON WHEELS helped NP score another first in the movement of new cars by rail. On September 19, 1960, NP picked up the first shipment of automobiles by tri-level transport rack in the Northwest. Studebaker Larks and Hawks made up the load. Eighty-five foot flat cars with tri-level racks will carry 15 compacts or 12 standard-size autos.



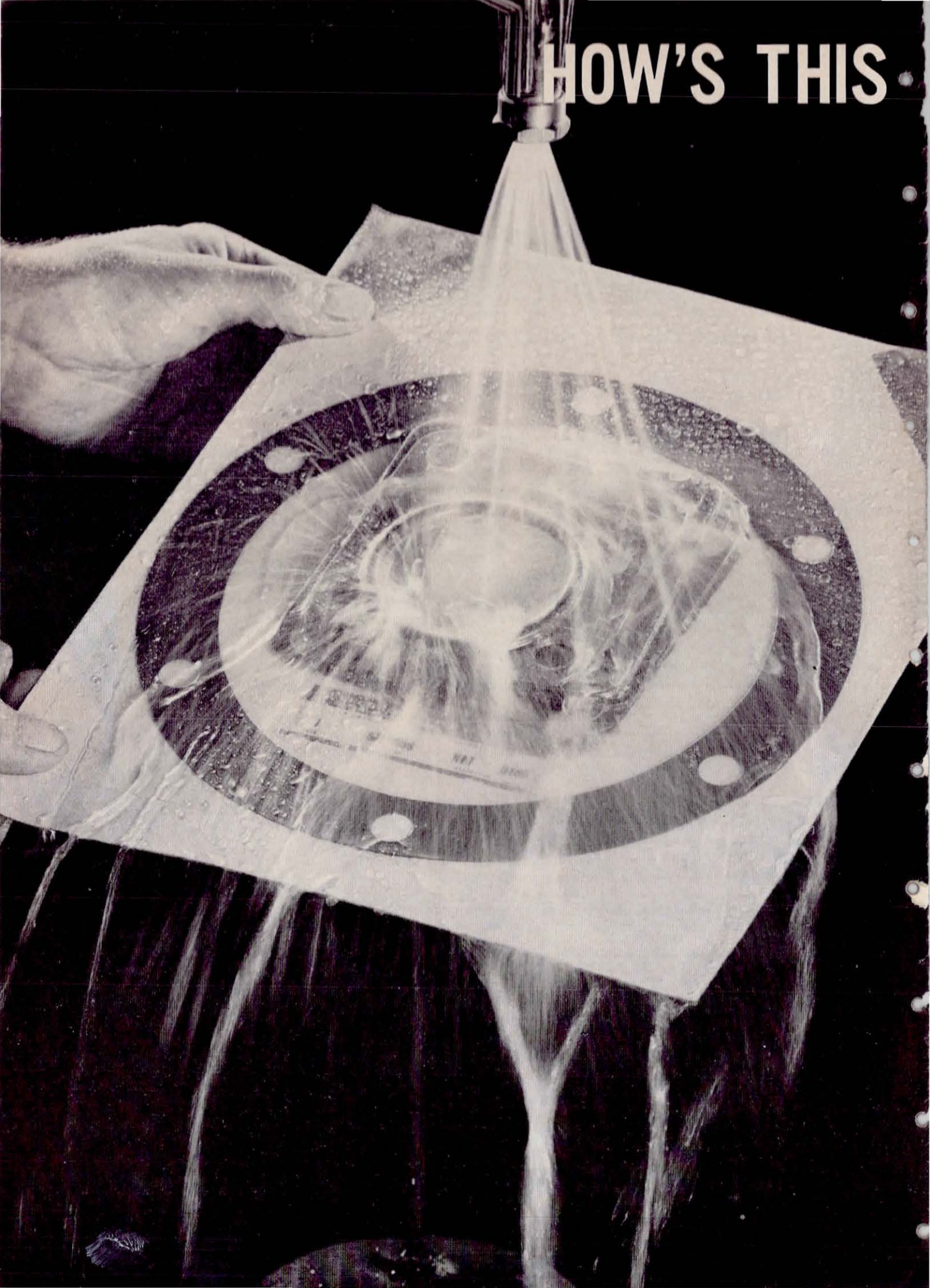
KEEPING AN EYE on new customized cars NP builds and buys is just part of the work done by NP's electronically-assembled "Car-Tab" Reports. Detailed data is issued every working day to give shippers quick, accurate information on deliveries.

SHIPPING PROBLEM? Looking for a choice industrial site? Chances are we can help you. For a quick reply, call your local NP traffic representative or write to Otto Kopp, Vice President-Traffic, Northern Pacific Railway, St. Paul 1, Minnesota.



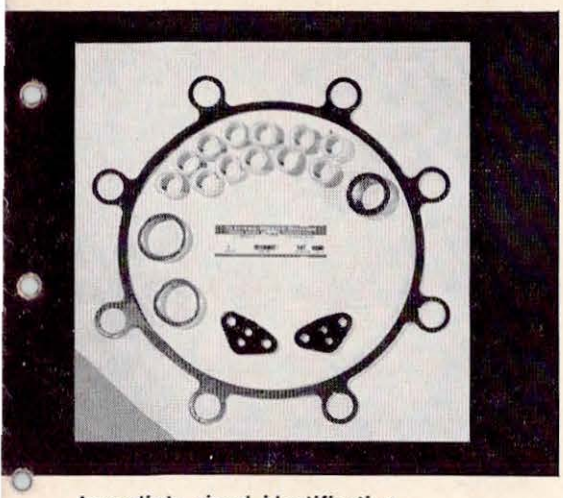


NORTHERN PACIFIC—really terrific!


HOW'S THIS

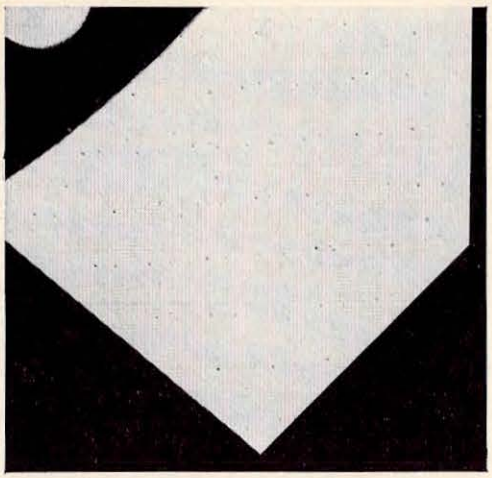
FOR PROTECTIVE PACKAGING?

See the benefits of Electro-Motive's exclusive skin packaging of replacement parts.



Immediate visual identification

No need to open boxes, spill contents. Set of replacement gaskets shown here can be positively identified without being opened.

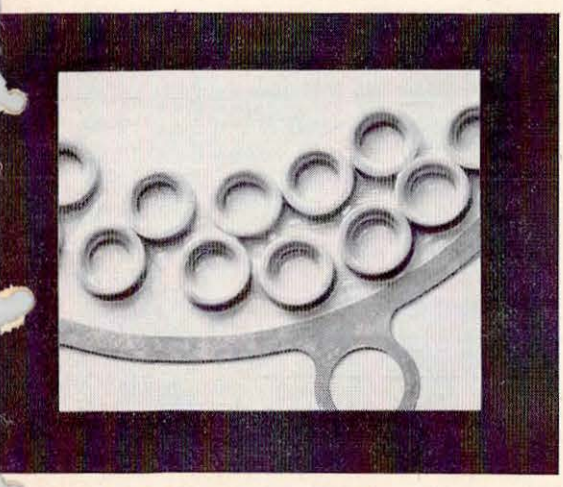


Positive seal keeps contents fresh

Tiny holes in the special backing material permit all air to be withdrawn from package. Holes are closed when vacuum is released, forming a tight seal. Gaskets retain natural moisture—won't dry out or shrink even when stored for a year or more.

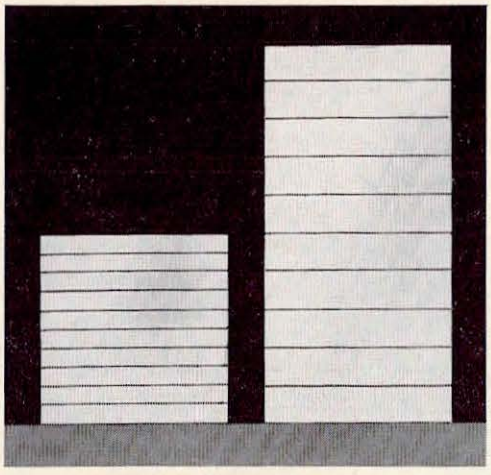
Moisture, vapor can't get in

The same protection that keeps natural moisture in keeps undesirable moisture —as well as dust and dirt—out. Dampness, high humidity or accidental soaking cannot damage the contents.



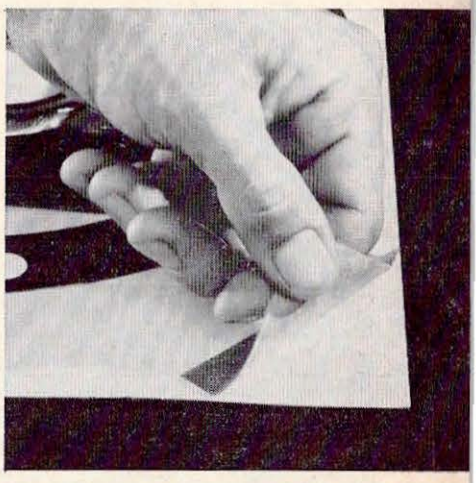
Parts held firmly, protected from damage

Close-up view above shows how skin-tight packaging holds each part firmly in place. There is no chance for loose parts to rattle around and become damaged or misshapen during shipment and normal handling.



Reduces storage cube requirements

The skin-tight packaging reduces all parts to minimum cube. No extra, unnecessary carton bulk to rob you of costly storage space. Forty sets of skin packaged gaskets will fit in the same cube normally required by twenty.



Easier to open than a pack of cigarettes

To open the skin-packaged parts, simply grasp the tab at the corner where skin does not adhere to backing material. Pull the skin away from the backing material. The parts are ready for instant use.

CLEARED TO PROGRESS

PRI

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LA GRANGE, ILLINOIS *Home of the Diesel Locomotive*

Canada: General Motors Diesel Limited, London, Ontario

GENERAL MOTORS LOCOMOTIVES

give up the idea of completely covering with personalized service the small and medium-size shippers. Before you attempt to sell them, you must first be sure you've got the kind of service and the prices they will want to hear about. If that's true, you've got part of your battle won because when you do try to tell your story you have something to tell that they are interested in listening to. Once that is accomplished, there are several different techniques which could be considered for reaching these people. There is the CITL, there is the personal sales approach, and there are other techniques, mostly revolving around the advertising and promotion fields. When you take the cost of these techniques on a per-shipper-reached basis, they are not prohibitive.

Edsforth: You are quite right. It is a massive problem. It's not going to be solved overnight or quickly, but we do have facilities which, with some work, can be developed. I have in mind the railway's own field forces, our traveling freight agents and our district and regional officers. Their efforts in the past have probably been more concentrated on selling than on marketing.

As I understand the distinction, in selling you concentrate on the needs of the seller. In marketing, you concentrate on the needs of the buyer. We are going to have to shift more of our emphasis from selling to marketing.

As to the lack of statistical information, we are making considerable progress through use of integrated data processing. We've been at it for some time and while it's not yet perfect, it's getting better all the time. We feel we are going to have, before too long, a lot better tools to work with.

Hart: If I could stress one of the points Mr. Edsforth made, nothing anyone on the railroad side has said here is intended to depreciate the terrific importance, as a matter of information to the railroads, of sales reports from people who are actually meeting customers. These will always be basic to our whole marketing information program. We can never, in any way, shape or form, have too much intimate contact with shippers, big or small.

Going particularly to the small shipper side of things. I have always been impressed with the tremendous size of the sales force we have available, if we can get it going. Mr. LaFerle spoke about the local agent. If you haven't got the proper type of local agent, I suspect he moves into the department of "non-public relations." But if you have the proper type of man, who is impressed with the importance of revenue to his company, we have a sales force with a man in practically every community of any size in Canada. Part of our hope, and it's little more than a hope at the moment, although we've been doing a good deal of planning on it, is that the importance of the local agent to the operating department is going down with modern signaling techniques and other developments. At the same time his importance to us as a salesman and as a source of information is growing. If he is getting an hour a day to spare as a result of a slackening of his operating duties, it is totally incumbent on those of us in the sales business to use that time so ultimately we have these people, not as operating agents, but as salesmen.

Fullerton: We can't overemphasize the importance of the local agent. I have very vivid recollections of going into smaller communities and saying to the agent: "Would you like to go out and make some local calls with me?" Much was invariably accomplished that way.

Apropos of Mr. Gracey's remarks about communicating with smaller shippers, we are trying to find means of getting out information through the press. Heretofore, we haven't advertised our freight service. We have hidden it. But in the United States the lines are spending some money in advertising their freight services. We haven't done that here in Canada, but we are putting our heads together to see if something can be accomplished through that means. In this way we should reach some of the smaller shippers who don't know what we are doing.

Johnston: We agreed with the CPR some time ago that we would not make nuisances of ourselves with industry. To the extent that we could, we would work together. There are bound to be instances where some particular industry or some particular commodity in some particular area has more meaning to one railroad than to the other. In such cases I think we will be forced to take ex parte action.

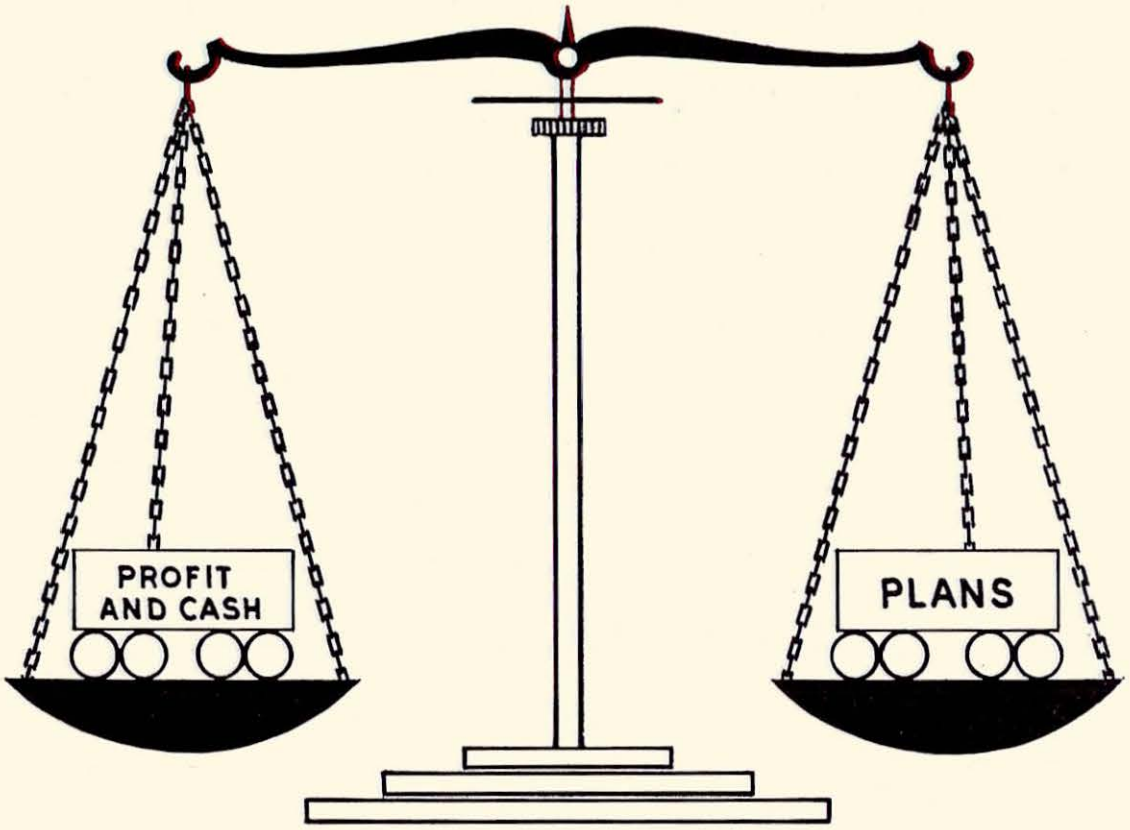
Speaking again about advertising and getting to the smaller shipper, we are under no illusion that we are going to get all the traffic. The smaller shipper in the small town particularly is much more inclined to use a local man, that he has perhaps grown up with, than he will a large institution. However, we feel we might advertise considerably more than we have heretofore but not employ useless institutional advertising —i. e., meaningless statements such as "Ship by the railways because they are good for the country"—but tell a story only when we have something specific and pointed to tell, such as that a particular application is good for a particular territory. In fact, I think we should even advertise rates.

LaFerle: Don't sell your services unless you've got something to sell. That's my warning to all transportation people. Don't try to sell something by making promises and then leave the man frustrated because you promised something you couldn't deliver.

Gracey: I'm delighted to hear the railways are considering advertising, because I feel this is the low-cost way of getting your story across to the maximum number of people. There are many services that are unique to the railways that their competitors do not have. Not only that, but I feel you should be telling your story to the

(Continued on page 36)

LEFT TO RIGHT: Messrs. G. R. Johnston and A. H. Hart.



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executives of the different companies. This will help the traffic manager in that he doesn't have to explain everything to his boss. I believe a regular, well-thought-out advertising story will help industry from top executives right on down. It will also tell your story to the public. It will help with other types of services. I have heard the railways won't advertise because they provide a service, but the telephone company advertises. Gas companies advertise. Other services advertise. Transportation affects everybody just as the telephone company or the gas company does. I think it is wonderful that you are considering telling your story in that fashion.

Hart: Certainly so far as the CNR is concerned, there is no thought that we are not advertising now just because we sell a service. I've heard lots of reasons for not advertising but that's a new one. I think the decision not to advertise when made was sound. But I think all the reasons there were have disappeared, and we must tell our story.

Rae: I am thankful no one so far has threatened the shipper with motivational research. I guess they'll get to it eventually. We are talking about advertising. Have you already started the market research operations of which you speak? We have been talking about the kind of advertising you are going to do as if it had been largely settled. If you know that, parts of your market research have been completed. If you are going to do market research, you better have some trained research people do it. Then spend your advertising money.

This broad discussion comes back to industrial selling. You say you haven't been doing industrial selling, but among the finest industrial salesmen I have ever met—say the top 30 or 40— there are at least five railway people.

Now, if you are going to do industrial selling, you've got to ask yourself, first, what are we selling? You say you are selling transportation. I think that is what you should be selling, but I'm not sure. Perhaps you have done some research.

Perhaps your salesmen should be selling transportation, not just railway, but rail, express, air express, freight, air freight, truck and perhaps railway service at various levels of speed and scope. This really needs research because most of the information your salesmen get tossed at them about what customers want in service—at least 60% is eyewash. Service! One day faster service is wonderful, but many, many times one day's improvement in service doesn't mean a thing, because the industrial organization's procedures cannot be changed to take advantage of it. There are a whole lot of things that influence the impact of speed of service, or reliability of service. There are cases where even reliability of service is not necessary. That isn't true generally, but there are instances where it is not essential and not worth providing if it costs the carrier something. So I think you want to go back and research with researchers—not with boys sent out with stereotyped questions that somebody has dreamed up. If you're going to research, do some *real* research, and find out what you are really driving at. Ask yourself, with respect to various industries: "What is the function of transportation in that industry? What is the function of inventory in that business?" You have to ask both questions in going into any industry. Some of the answers will really be interesting.

Stroud: In the past, industry has been stealing good traffic people from the railroads. Have the railways given any consideration to employing traffic managers from the industrial field to sell transportation to transportation people? A man who has worked in industry most of his life would have a better idea of our problems than a railroad-trained man.

Shoemaker: I think the caliber of our railway officials allows us to leave it to them to select the proper type of research men.

Johnston: I think it can quite safely be said that we are employing competent research and marketing people—not people who have been brought up, as you describe it, within the confines of the railroad itself. We have introduced to our organization skilled people in the marketing area.

LaFerle: Mr. Stroud's point is very important. Do what industries do—get somebody from the other side of the fence who knows something about it. The man who has worked within the industry will be that much farther ahead as a researcher because he knows at least 50% of the problems.

Rae: As an illustration, the head of our industrial sales section that deals with shortenings was a managing baker before he joined us. He has had on his staff at least two other master bakers who ran bakeries themselves before they came to us.

Dean: This research is a good thing and we are all for it. But I can't see where it is going to get results in less than a couple of years. I don't think the railroads can wait two years for some of these results. They just have to do something now.

Latimer: I'd like to correct any impression I may have left that we are not planning, on the CNR, to get any results from our statistical program or market survey work for two years. I used the two-year time interval only as the fruition time on our own internal statistics, between the present point where we get a fair but not ideal amount of statistics and the full completion of our integrated data processing system.

LaFerle: Is there any thought given to changing the misnomer of traffic department to sales department?

Hart: Yes. My title has been changed, and all our titles will be changed within the next four months. [This change has since been made.]

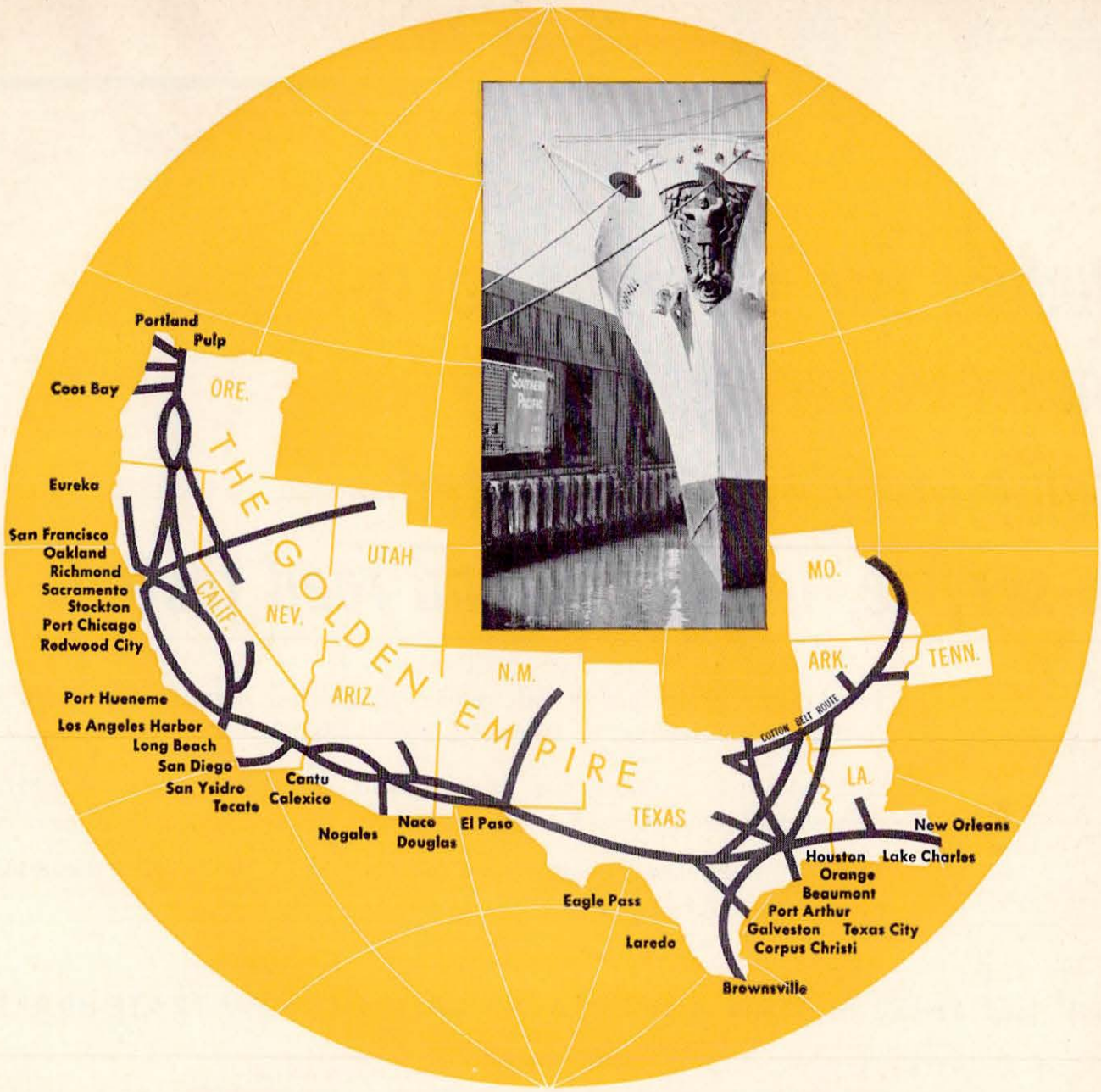
LaFerle: A sales bulletin shouldn't come from the traffic department. There should be a sales bulletin from the general sales manager, or the vice president in charge of sales.

Hudson: One angle we haven't discussed up to now is how this whole reorganization, or the renewed attempts of railways to sell traffic, will be based on, or reflected in, changes in rates. I have heard the statement made, that "five or 10 years from now you won't recognize the rate structure." What would a statement like that mean in the way of new types of rates? Or in new concepts of rate making? For example, will agreed charges continue to increase in number and in the amount of traffic moving under them? Will they remain in their present form or will they be modified?

Edsforth: We can only conjecture in a lot of these fields. To try to deal with those points as best I can, yes, I think the agreed charge method of rate making will continue. Whether it will continue in its present form is another question. I don't think so. There will be, I think, many variations on the agreed charge system. We have had quite a number of variations already. I recall one where we made an agreed charge on coal to meet competition of natural gas which was based on the contracting party using a certain proportion of coal as his fuel. I think the contract rate as such can be used in many ways. I don't think they are always going to retain exactly their current form, but I do think the contract form of rate making, which is what agreed charges are, is going to stay with us at least in the reasonably foreseeable future.

Henson: I'd like to make a few comments on agreed charges generally. The basic advantage of agreed charges is their low rates. At the same time, the

(*Continued on page 40*)



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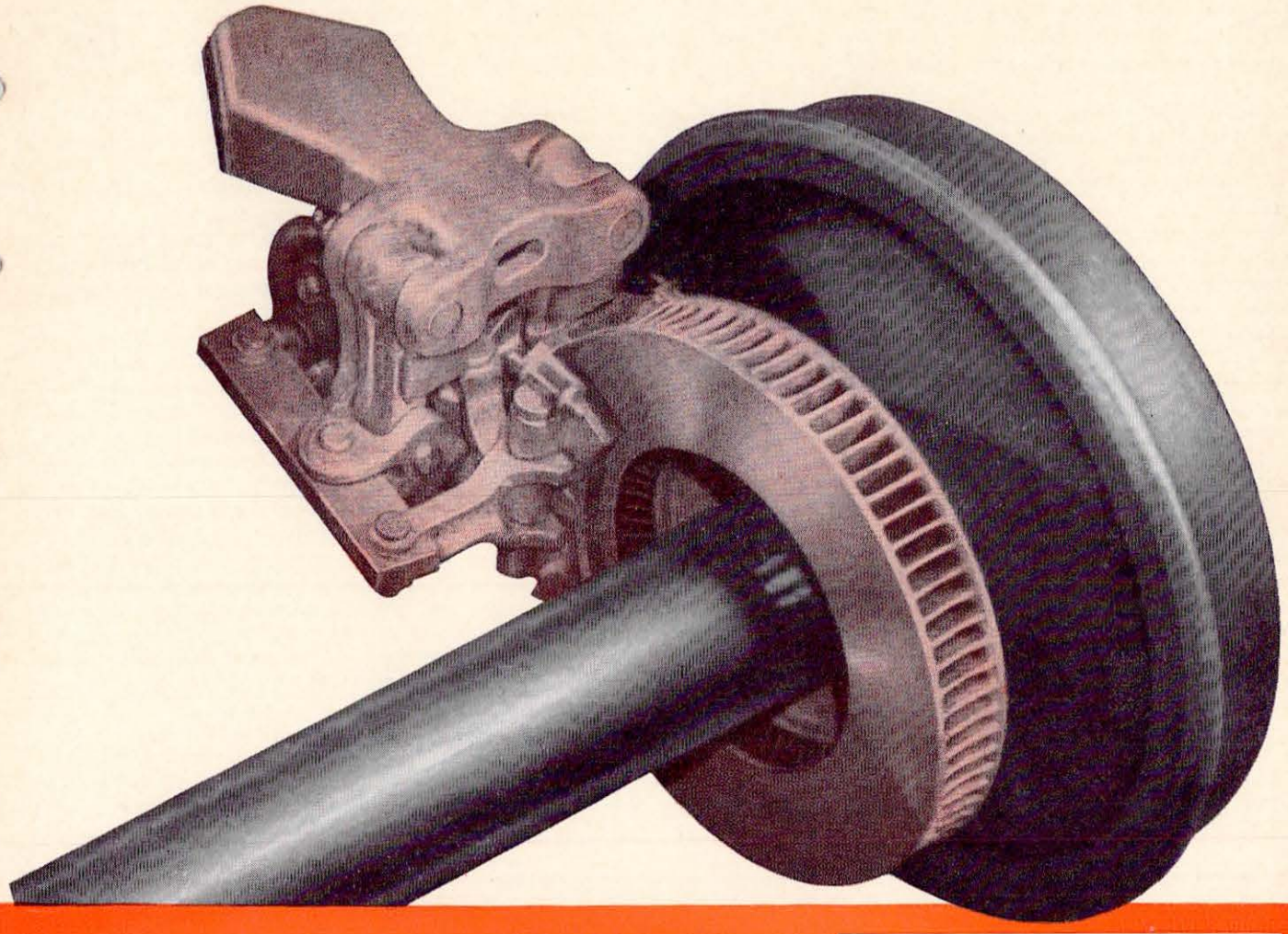

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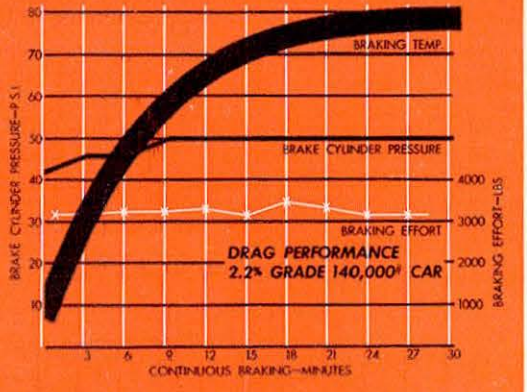

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general cost of distribution between companies is stabilized. There are restrictions which require careful consideration by both carriers and parties to the tariff. These restrictions in effect modify the rates and make them less attractive. From the railways' standpoint they prevent traffic from going to alternate means of transportation, but at the same time they stand a chance of increasing or decreasing the stability of rail traffic, maybe in large blocks. I think the rates are as high as the traffic will bear when they are negotiated. The restrictions are as severe as possible to retain the proportion of traffic on the rails. Those are the basic principles of agreed charges, as I see them.

But technological changes in other means of transportation happen fairly rapidly and costs of those competing carriers come down. It's not always possible to keep up with those costs at the time you have to make a decision on eliminating a transport move—by, say, building a refinery.

Could you encourage more traffic and get more over-all revenue—which you have to do from a railway standpoint—by publishing rates in open tariffs rather than restrictive tariffs, and making agreed charges for specific application, such as eliminating pipe lines or refineries? It occurs to me you might get more volume that way. I feel you would. If an agreed charge does what it's meant to do at the time it's negotiated, and at the rate, you're going to get the traffic anyway, irrespective of restrictions.

LaFerle: Suppose you have an agreed charge and I want to use those agreed charges at my own free will. Would it be fair for me to use the rail carriers on the same basis as under agreed charges when I only use them as a standby carrier?

Henson: Not necessarily. I'm pointing out a specific type of instance. From a petroleum carriage standpoint, the basic agreed charge is on truck competition based on either cost of doing it yourself or hiring trucks to do it. If you had general rates, and then negotiated agreed charges to meet specific situations, such as eliminating a refinery, this rate might retain the longer haul. That's what I meant. I think the railways have overlooked to some extent the possibility of reducing restrictions and, in effect, allowing alternate transport to be used for a greater proportion of the traffic. Then I think people outside the agreed charge would give you that much more traffic where they don't have to meet the restrictions.

Edsforth: That may be, although I remember evidence I gave to the ICC in a guaranteed rate case, at which I produced an exhibit showing that, while production and sales of petroleum products in the U.S. had increased by a substantial percentage, the rail carriers' traffic in the same period had actually decreased. I also gave the same comparison for Canada, which showed that while production and sales increased, so did rail traffic. I think it was because we had an agreed charge and the U. S. lines didn't. It's a matter of opinion, but you have the two examples. One was where the U. S. lines had made open rates, and reduced them, undoubtedly lower than ours in many cases, and yet their volume of traffic went down.

Another thing I look to see in the future would be joint rail and truck rates—just how soon I don't know.

We also think volume rates are a good idea. I think that will develop.

Incentive rates are nothing new. We've had some sort of incentive rates for a good many years, but it's only in recent years that they have had the prominence they have today. I think incentive rates serve a very useful purpose, because they give a shipper a wide choice of minimum weights, and of the price he is prepared to pay for that minimum. They may in some respects meet the inventory problem. A shipper has his choice as to the best way of keeping his costs down, inventory or transportation? Incentive rates also give railways the opportunity of exploiting one of their great inherent advantages, which is to move large volumes of traffic cheaply, so I look on incentive rates as something that certainly is going to develop as the years go on. They are one of the greatest tools railways have. I am all for them.

Dean: How do you get around the objections about unjust discriminations? A carload rate is a carload rate, whether you have one carload or 1,000.

Edsforth: You're talking about a different kind of incentive rate. I was referring to the incentive rate on a single carload unit, where you have a different minimum rate per car. You are talking about incentive rates in the way of several cars at a time.

Dean: I am talking about both.

Edsforth: There has never been any objection that I know of to the varying minimum rates.

Hart: There is no discrimination.

Edsforth: No. It's wide open to everyone.

Shoemaker: Isn't it true there are rates in now on more than one car?

Edsforth: On a trainload basis? Yes. In British Columbia. They have always been there. The classic case came in western Canada, where railways attempted to meet pipeline competition by putting in trainload rates on crude oil. On complaint by another producer who said he couldn't ship trainloads at one time, the Board [of Transport Commissioners] found that was unjust discrimination.

Hart: That is one of our inherent advantages. We should be able to exploit it. The flexibility of the truck is its inherent advantage. Ours is to handle a large amount of traffic at a low cost.

Dean: That is an inherent advantage railroads are entitled to. I see no reason why they shouldn't get the advantage of it. But under the act they can't. What are you doing to amend the act?

Hart: This matter is under review by the Royal Commission, along with other things. I believe sooner or later this inhibition is going to have to be removed. When the time comes to have it removed, we would hope to have the support of all shippers interested in this sort of thing.

All I can say on the general subject of rates is that we are in a dynamic economy. Anything the economy demands in the way of pricing we are going to have to do. If this means throwing classification out the window and going all to cube and weight, or something like that, and totally knocking down what we all conceive to be the rate structure, this may come in the future. But this is a rather cloudy

"We are in a dynamic economy. Anything the economy demands in the way of pricing we are going to have to do . . . Demands of industry and of our customers are going to set the pattern . . . We hope we're flexible."

A. H. Hart

LEFT TO RIGHT: Messrs. R. Eric Gracey, F. W. Dean, and C. D. Edsforth.

crystal ball we are looking into. Demands of industry and of our customers are going to set the pattern. All we can say is that we hope we're flexible and willing to go in any direction that may be required so long as the net result is a buck.

Hudson: As your market research moves along, won't that indicate the direction in which you have to move?

Hart: Clearly.

Gracey: One method you didn't mention in your discussion of rates and services is transit privileges or things of that nature. Do you see any expansion in that type of arrangement?

Edsforth: We have extended our transit privileges a great deal—perhaps not so much along the lines you're discussing so much as stop-off in transit. There is a problem on processing in transit, that sometimes you have an inbound commodity that comes out as something altogether different. The problem then becomes "what is the proper rate for the through transportation?"

One additional thing I do want to make perfectly clear. As Mr. Hart has said, there is nothing rigid or inflexible about our rate structure or our ways of making rates. Believe me, we want to make them just as flexible as we can.

Hart: Agreed.

Stroud: If the railways are going to improve their position, they are going to have to capture 100% of the year-by-year increase in new traffic, or get some of the older business back from the trucks and other modes of transportation. As far as I'm concerned, they've got to put in truck-compelled rates because that's what moves freight.

Cost is one of the most important things to industry. If the railroads came into one of our plants today, they should give us, rather than an agreed charge, a minimum rate per day, per car, with a reduction for each car, regardless of destination. In other words, if we have five cars moving to five different points, we should get a reduced rate on the total of those five. That would capture the traffic. Of course, if the railroads have statistics showing out-of-pocket expense, they would have to prove they were going to make money. But I think they would regain a great amount of traffic. Trucks have their place. Between Toronto and Oshawa [33 miles] traffic will probably never move by rail, but between certain points it could be recaptured.

LaFerle: Would that be at the expense of shippers of small shipments?

Stroud: The railways might do better to go to the large shippers of large shipments first, and then, after they get their house in order, come to see you.

LaFerle: These boys that have so many cars to ship—they always want something that, in the end, must be paid for by us, large shippers of small shipments.

Johnston: What Mr. Stroud is describing is, of course, a variation of the incentive rate. I don't mean to say we know all about it, but we have tried it, and, so far as our records show, in every instance where we have tried it we have gained. Certainly traffic is not going to be moved successfully by any carrier unless consideration is given to the total cost of the movement—not just the point-to-point rate.

Speaking to your point, Mr. LaFerle, if the railway was not getting the traffic at all, if it was by highway, and even the lowest incentive rate contains a margin of contribution to overhead, then to the extent we regain traffic that must lessen the burden on the smaller shipper, or on the large shipper of small shipments.

LaFerle: Could we follow up the interesting question as to what the rate-making future looks like in the next five or 10 years? How does it look from the carriers' standpoint? As far as I can see, there is bound to be a revolution in rate-making by removing the red tape we have had in the past.

Hudson: I would gather that you are quite right—that there is quite likely to be a revolution in rate-making; that the railroads will be willing to consider almost any type of rates so long as it is something they can legally put into effect, and something on which they can make at least some profit over and above out-of-pocket costs.

Stroud: In industry, today, to get into a market either by building a factory, or by shipping a finished product from another point, it's most necessary for us to know what our transportation costs are going to be. If we look at the various rates or call on a railway representative, he will come up with something in the tariffs, or with some fantastic figure that couldn't possibly allow us to compete with other manufacturers who might be in Japan or the U.S. We haven't any idea how much it costs railways to transport goods from Ontario to Calgary. If we had some idea, such as the statistical information the ICC has on fully distributed costs, if we knew that for 400 miles

it costs 50¢, we would know right then whether we would approach the railways.

Suppose, for example, we were able to pay 80¢ for those 400 miles and the published rate was $1.10, and the railway gives you $1.00—right off the bat they have priced themselves out of the market, because we couldn't operate at $1.00. But if we knew the cost was 50¢ we could say right away, "we will give you 80¢," or "80¢ will put us in business." Would the railways ever consider publishing such a thing for the use of industrial people?

Shoemaker: Don't the railways publicize ton-mile cost in their annual reports?

Edsforth: Just ton-mile revenues.

Dean: Up to a few years ago, it was next to impossible to get anything as to what it actually costs railways to haul freight. Do the railways know what it costs them to haul freight?

Edsforth: Yes.

Johnston: The reason we don't publicize our costs is very simple, although perhaps selfish.

Dean: You must know them. If you do, then you're able to answer a lot of what we've been talking about.

Edsforth: We do have our costs.

Johnston: I'd like to speak about cost of service. I don't think there is any one plan that is going to be a panacea. I think we have to introduce cost of service in our rate-making. But to set rates directly to cost of service would be tantamount to economic suicide. Excluding such indirect costs as might arise through such things as damage, it doesn't cost the railways any more to move a carload of sugar than a carload of sand. But the value of sugar per ton is on the order of $125 to $150, where sand may be $1.50. If we put in precisely the same markup over costs, we're just not going to move any sand.

Edsforth: I certainly concur. We must make our rates with costs as the floor. We do know what our costs are. We know them in a general way and we also know them in a specific way on particular movements. As railway common carriers our rates cannot go below costs. Over and above that, the rate we charge must be geared to the ability of traffic to move at the transportation charges. As Mr. Johnston has very aptly pointed out, the ability of commodities to bear the cost of transportation and to pay their way must be the governing feature. We certainly do have, and we must consider, what is called a revolution in rate-making. But I would like to use a different term. I don't think we are going to see any revolution.

Hart: I would suggest "evolution."

Edsforth: Evolution is exactly the word I was going to suggest. I think that's what it's got to be. I don't think a revolution in rate-making is going to be good for industry or the railways.

Rae: All you're asking for then, is the right to price your service the way industry prices its products.

Edsforth: Exactly!

Stroud: Did I hear Mr. Rae saying, properly, that all railroads want is the right to price goods according to what the traffic will bear?

Rae: No. I said they want the right to price the same way other industries price their goods.

Hart: That is the important thing. Mr. Edsforth mentioned the floor as being our cost. The ceiling is our competition. There are the two forces, and as Mr. Rae said, this is just normal pricing. He can't sell soap for a dollar more than one of his competitors.

Rae: Suppose there is an area in which there is no competition. Such places do exist. There another limit comes into play, and that is the fact that the rate level will determine the amount of traffic moving. Too high a rate will reduce the total net revenue even in the complete absence of carrier competition.

Hart: You must always take that into account. That is to maximize our position, not by stopping the traffic moving, but by making it move in the largest possible amount.

Rae: As far as I know, that is the way goods are usually priced anyway.

Hart: That's right. It's using the market mechanism to settle your price structure.

LaFerle: The trucking companies use the same philosophy. The trucking company is not going to give you the same rate on sand as it gives you on shoes.

Stroud: You're in much better position than the trucks, because you've got the general characteristic that you can move volume freight much cheaper than the trucks.

Hart: This should be a function of ours, which we should be able to pass along. The best transportation should be provided at the lowest possible price. I think in most instances this means moving by railway, but it also means, in a lot of instances, moving by truck. That's what the market will do. The market will divide, put the railway in the place it should be in, and the truck in the place it should be in.

LaFerle: You say it should move by railway. I would say by railways and connections. There is no more railway straight-line proposition to meet competition. You've got to take the whole proposition from beginning to end.

Hart: I agree with your principle, yes. I was narrowing it down to the straight transportation factor. You are looking at it from the whole distribution basis.

Paul: The food industry is a low-profit industry. Service is very important. With our industry, the trend is for more direct shipments, because the less food is handled, the better. It is less costly too. The trend now is to ship perishable products right from the producing plant to consuming center, sometimes with several deliveries at the destination point. It might be advisable for railways to consider using, in addition to refrigerated cars, refrigerated trailers on flat cars (piggyback). On shipments that require several deliveries it is much more feasible to handle by trailer and make two, three, four deliveries from it, rather than truck from a refrigerator car.

Another thing that is very important, in case of delays, is that the consignee, or ourselves, be notified. That is one of the weaknesses of the rails. They will not undertake to notify us in case of delays. We have no difficulty with trucks.

Fullerton: I think we can take care of that. It shouldn't take a year or two to come along, because we have it in the works now.

Paul: That's good news.

Another feature I think railways might consider is the refrigerated package that holds 12,000 to 15,000 lb of a refrigerated product. It is a self-contained, insulated and refrigerated container. Three of those containers can be carried on a flat car. That is a growing trend in the U.S. and should be considered by Canadian railways.

As to rates, from what I've heard, prospects look good. Railways are becoming conscious of their competition and of the necessity of taking action with respect to rates.

There is one point about which I'm a little apprehensive. That is with respect to the survey. It is going to take a long time to complete. I hope in the meantime railways will give more consideration to meeting competition. One of the important factors is to consider the situation in the present tense. In other words, one of our big problems is delay in handling rate propositions. You put a problem up to railways, but it takes months to finalize. That's no good. That is one factor the rails will have to remedy, if they expect to retain the traffic.

Hart: We can only echo agreement with that.

Edsforth: I quite agree that speed in dealing with rate problems is most essential. We appreciate that. We agree with it, too. That is one of the objectives of this reorganization of Canadian Pacific. We hope we can get faster action. On the other hand, railways cannot always give the immediate an-

(*Continued on page 49*)

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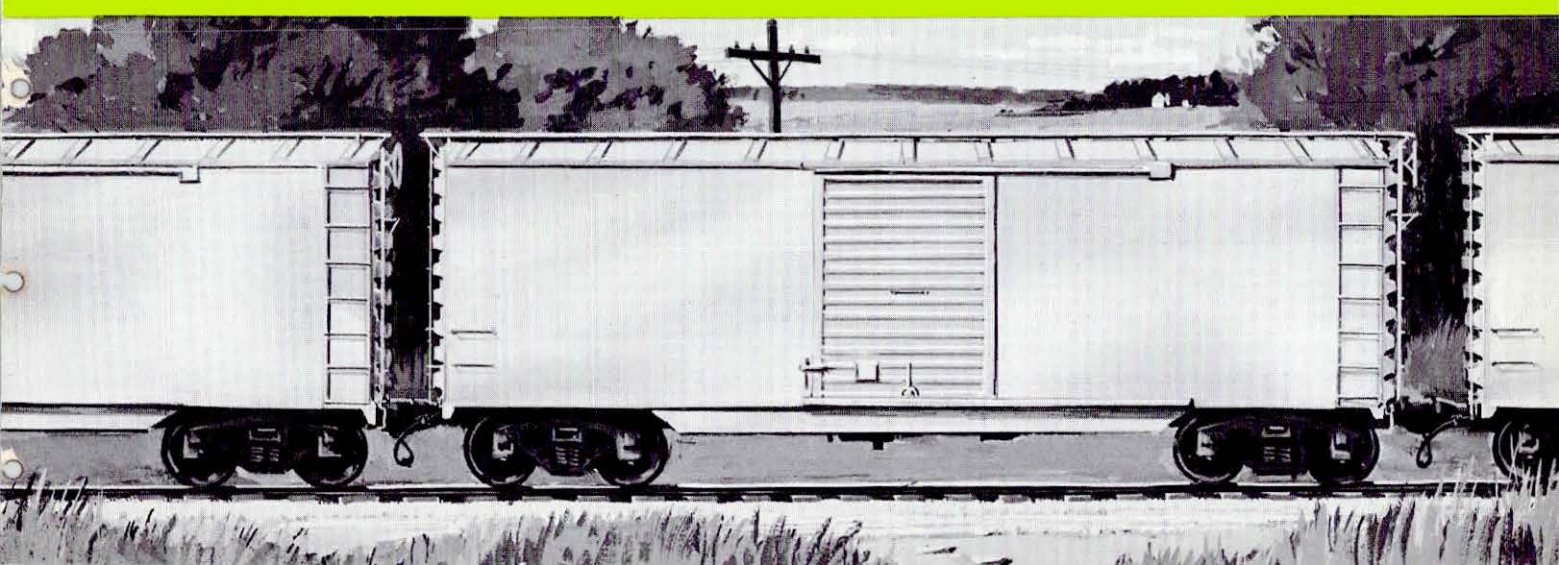

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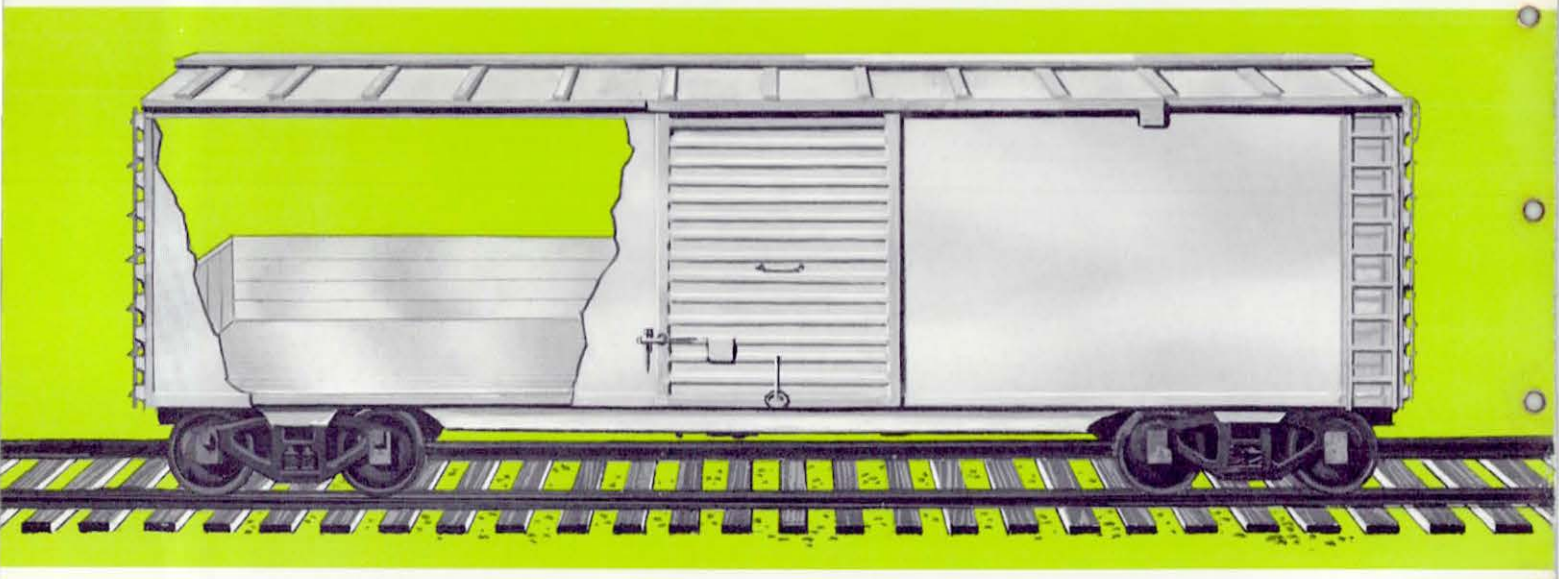

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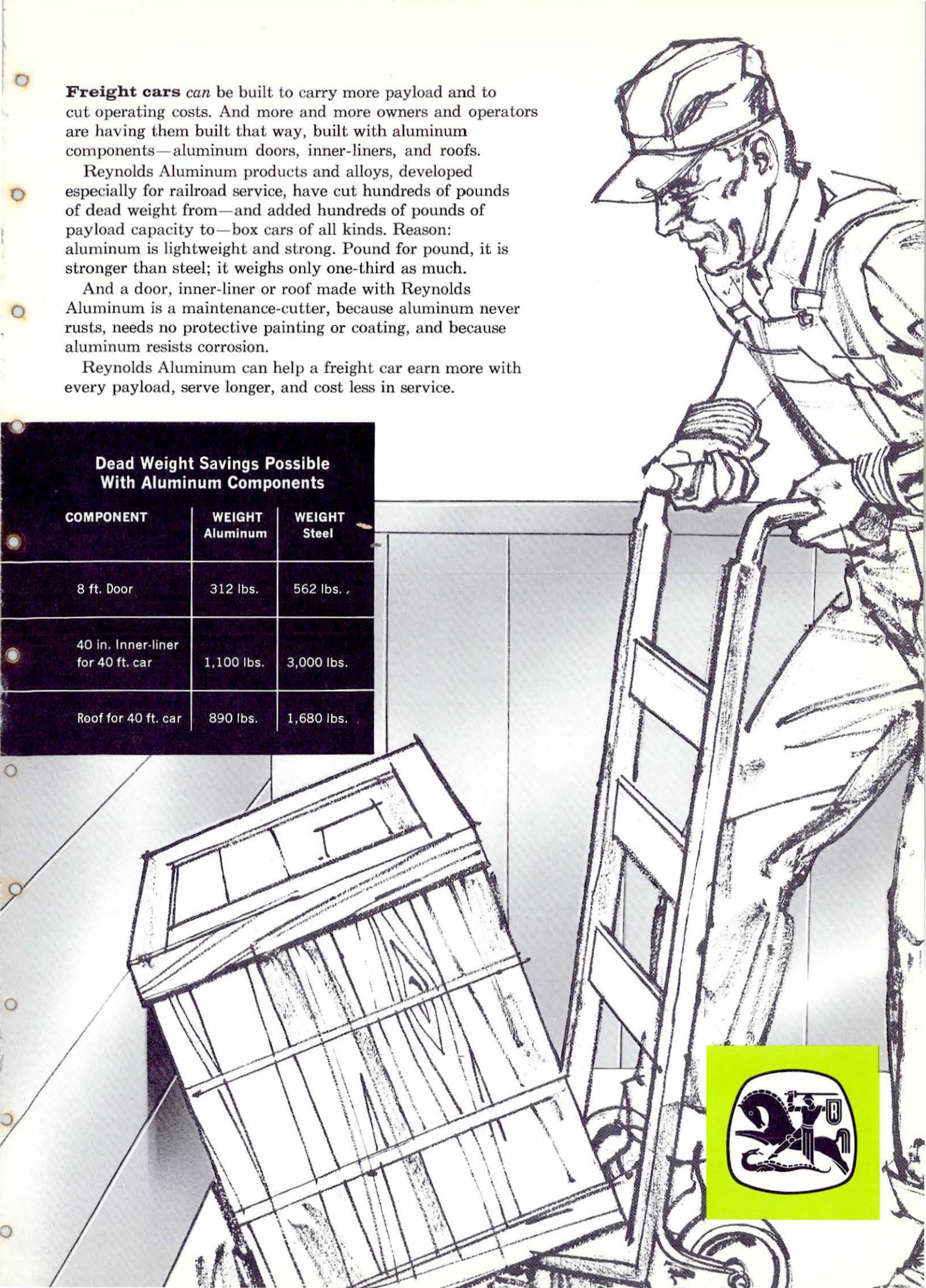
Reynolds Aluminum products and alloys, developed especially for railroad service, have cut hundreds of pounds of dead weight from—and added hundreds of pounds of payload capacity to—box cars of all kinds. Reason: aluminum is lightweight and strong. Pound for pound, it is stronger than steel; it weighs only one-third as much.

And a door, inner-liner or roof made with Reynolds Aluminum is a maintenance-cutter, because aluminum never rusts, needs no protective painting or coating, and because aluminum resists corrosion.

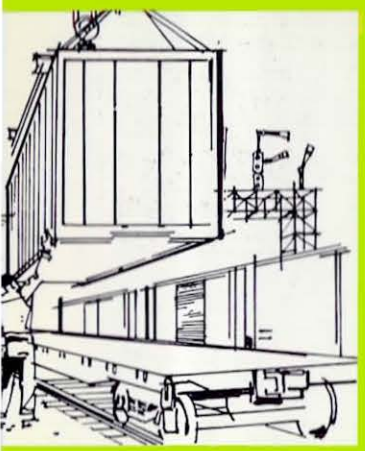
Reynolds Aluminum can help a freight car earn more with every payload, serve longer, and cost less in service.

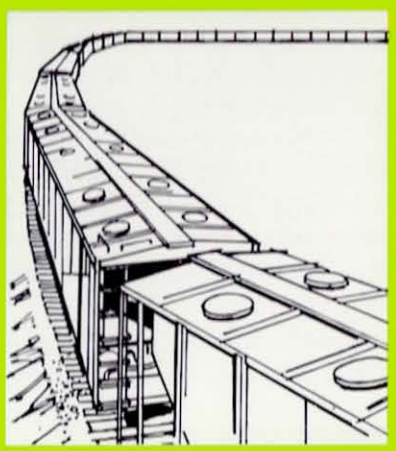
Dead Weight Savings Possible With Aluminum Components

COMPONENT	WEIGHT Aluminum	WEIGHT Steel
8 ft. Door	312 lbs.	562 lbs.
40 in. Inner-liner for 40 ft. car	1,100 lbs.	3,000 lbs.
Roof for 40 ft. car	890 lbs.	1,680 lbs.



Source for Aluminum and Experience for the Railroad Industry: Reynolds





It is one thing to produce aluminum, and another to develop alloys and products to meet specific railroad problems. Reynolds does both —and that's the reason the Reynolds Metals Company is a leading supplier of aluminum to the rail industry.

Reynolds knows aluminum, and it knows the proper aluminum for railroad applications. For years it has worked with the railroad industry to develop aluminum products specifically tailored to reduce operating and maintenance costs, to do a better job for shippers, to provide better freight protection, to increase revenue for operators.

Aluminum box car components are just part of the story. Reynolds Aluminum is doing the same job to improve service and cut costs in other rail equipment, as well:

Aluminum hopper and gondola cars, refrigerator car flooring and doors, crossmembers, bridge plates, electrical equipment and conductors, containers, crossbuck and operating signs, chain link fencing, and utility buildings.

For specialized technical help on any application of aluminum for railroad use, its design or fabrication, contact your local Reynolds office. Or write today to *Reynolds Metals Company, P.O. Box 2346-TM, Richmond 18, Virginia.*

REYNOLDS ALUMINUM

Watch Reynolds new TV Show "Harrigan & Son", Fridays; also "All Star Golf", Saturdays—ABC-TV.

GEARED TO PROGRESS
RI
MEMBER

People in the News

ERIE-LACKAWANNA.—Additional appointments on this newly merged road (RA, Oct. 24, p. 24) have been announced. **M. Fred Coffman,** Erie's assistant chief of research at Cleveland, named director of research. **Dr. William E. Mishler,** Erie's chief surgeon, retains that title. **Ernest E. Seise,** director personnel, Erie, Cleveland, named assistant to president—director of personnel training. **Curt F. Bayer's** new title is director of purchases and stores; he had been Lackawanna's manager of purchases and stores.

In the traffic department at **New York, E. J. Dean** is assistant vice president—sales. **G. W. Madsen, D. L. Norton** and **H. F. Doyle** are freight traffic managers and **E. W. Keiley** is assistant freight traffic manager. Messrs. Madsen and Keiley were formerly freight traffic manager (sales and service) and assistant freight traffic manager, respectively, Erie, New York. **At Chicago, C. R. Martin** is assistant vice president—sales. **C. G. Andrews** and **R. K. Lovitt** are freight traffic managers and **H. E. Simpson** is assistant freight traffic manager. Mr. Andrews was freight traffic manager (sales and service), Erie, Chicago; Mr. Lovitt was western traffic manager, and Mr. Simpson, assistant western traffic manager, Lackawanna, Chicago. **J. A. Russell,** who has been freight traffic manager, Erie, **Los Angeles,** Calif., will hold that title on the E-L. **At Cleveland,** under **W. W. Thoms,** assistant vice president, **E. T. Butler** is freight traffic manager and **F. K. Corlett** is assistant freight traffic manager. Mr. Butler was formerly freight traffic manager, Erie, Cleveland, and Mr. Corlett was assistant general freight agent, Erie, Buffalo, N. Y.

W. C. Otten and **E. C. Ennis,** foreign freight traffic managers at New York, on the Erie and Lackawanna, respectively, named general foreign freight traffic manager and foreign freight traffic manager, respectively, New York. **P. J. Napoli,** perishable traffic manager, Erie, New York, retains that title with the E-L. **Paul W. Johnston, Jr.,** is freight traffic manager, piggyback-forwarder-LCL traffic, New York. Mr. Johnston has been serving in a similar position on the Erie since Oct. 1. **E. C. Adler,** former general eastern freight agent, Erie, New York, named assistant freight traffic manager under Mr. Johnston. **R. T. Phillips,** coal traffic manager, Erie, Cleveland, appointed general coal traffic manager—coal and coke traffic at that point. **L. F. Heineck,** former coal traffic manager, Lackawanna, New York, named eastern coal traffic manager there.

A. G. Oldenquist, former passenger traffic manager, Erie, Cleveland, named general passenger traffic manager there. **R. H. Taylor** appointed passenger traffic manager, Hoboken, N. J., the same title he held on the Lackawanna.

Under **H. C. Well,** assistant vice president, freight—rates and divisions, New York, **W. J. Stumpf** is freight traffic manager and **J. H. Sisco** and **M. A. Ehlers** are assistant freight traffic managers. **At Chicago, L. M. Schukei** is freight traffic manager and **Thomas Gilpin** is assistant freight traffic manager. Messrs. Stumpf and Ehlers were freight traffic manager and assistant freight traffic manager, respectively, Lackawanna, New York. Messrs. Sisco and Gilpin were assistant freight traffic managers—rates, Erie, at New York and Chicago, respectively. Mr. Schukei was formerly freight traffic manager—rates, Erie, Chicago.

A. C. Hopkins named manager, industrial development, New York, the same position he held with the Lackawanna.

N. S. Westergard
SP&S

R. G. Altizer
Magnus

B. H. Sullivan, Jr.
Magnus

Louis J. Gruber
Magnus

LOUISVILLE & NASHVILLE.—W. A. Miller, general attorney, Louisville, Ky., retired Oct. 1.

MISSOURI PACIFIC.—James A. Bloodworth, district freight and passenger agent, Atlanta, Ga., retires Nov. 1.

SPOKANE, PORTLAND & SEATTLE. — N. S. Westergard, general manager, elected vice president and general manager, succeeding the late **L. W. Albertson,** vice president.

Industrial Traffic

Thomas W. Moore has been named vice president for supply and transportation, a new post, by **Humble Oil & Refining Co.** at Houston, Tex. He was formerly a vice president and member of board of management of Esso Standard division, New York.

Peter J. Gilmartin, assistant director of traffic, **Remington Rand** Division of Sperry Rand Corp., appointed director traffic, succeeding **V. R. Tupper,** who retired Oct. 1.

Howard E. Olson has been appointed assistant manager of transportation, **New Jersey Zinc Co.,** succeeding **Daniel H. Vogel,** who retires Nov. 1.

Robert G. Thorn has joined the Phosphorous division of **Hooker Chemical Corp.,** as division traffic manager, a newly created position, at Jeffersonville, Ind. Mr. Thorn was formerly rate analyst with Girdler-Tube Turns, Louisville, Ky.

Tyrus C. Stewart, assistant traffic manager, Lion Oil Co., division of **Monsanto Chemical Co.,** has been appointed traffic manager, succeeding **Percy G. Anderson,** who retired Oct. 1.

J. Langhorne Tompkins has been appointed general traffic manager of **Virginia-Carolina Chemical Corp.** Mr. Tompkins was formerly manager of the traffic department.

Richard E. Spatz has been named assistant manager, Traffic and Transportation department, **Koppers Co.**

E. A. King has been appointed division traffic manager, Eastern division, **Great Atlantic & Pacific Tea Co.,** succeeding **W. J. Farrell,** who retired Sept. 24.

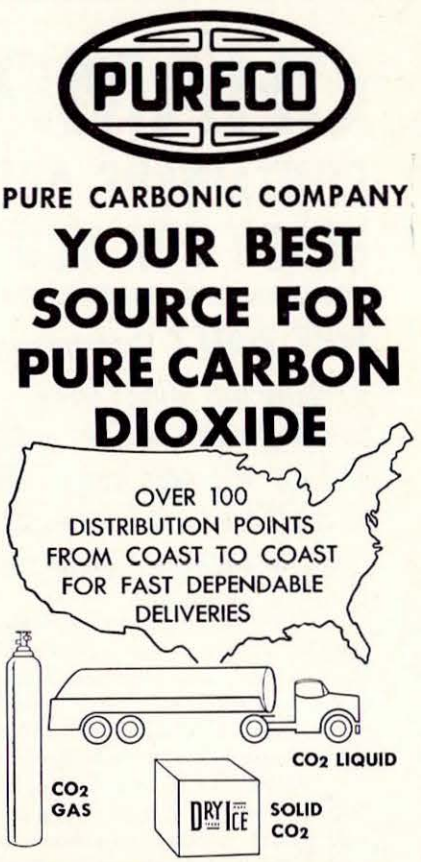
Howard J. Frisbie has been appointed manager, Western traffic department, **United States Gypsum Co.,** Los Angeles, Calif., succeeding **Walter A. Wise,** named traffic representative.

Supply Trade

R. G. Altizer, assistant to president of **Magnus Metal Corp., a** subsidiary of National Lead Co., New York, has been appointed vice president there. **B. H. Sullivan, Jr.,** assistant vice president, Chicago, appointed vice president there, succeeding **M. J. Turner,** who retires Nov. 1. **Louis J. Gruber,** sales representative at Chicago, appointed assistant vice president there. **J. J. Hickey,** sales representative at Chicago, named Chicago district sales manager.

OBITUARY

E. F. Wentworth, 92, who retired in 1949 as sales engineer, **New York Air Brake Co.,** died in Scarboro, Me., Oct. 23.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YOUR BEST SOURCE FOR PURE CARBON DIOXIDE
OVER 100 DISTRIBUTION POINTS FROM COAST TO COAST FOR FAST DEPENDABLE DELIVERIES
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NH Gets Promises of Aid

The financially embarrassed New Haven got some hopeful news—though no immediate cash—last week. New York Governor Rockefeller and Connecticut Governor Ribicoff joined New York City Mayor Wagner and Westchester County Executive Michaelian in an eight-point program designed to give the railroad some form of tax relief. The tax program seemed to be the kind of local aid that the Interstate Commerce Commission, which earlier had deferred action on New Haven's request for a $6,000,000 guaranteed loan to meet certain current obligations, had implied would be necessary before the Commission could approve a government-backed loan. And the railroad, which observers have suggested might be forced into bankruptcy if it is unable to raise immediately most of the $6,000,000 it is seeking, seemed to have another lease on life.

The joint statement of the governors, mayor and county executive followed announcement by the Interstate Commerce Commission that it had deferred action on the New Haven loan request in order to give the "interested state and local governmental agencies" a chance to submit "such facts as they deem relevant in support of the application, including evidence of action on the local level holding promise of prompt and substantial relief."

The joint program proposed included eight points, specifically:

"1. We will recommend to our respective legislative bodies and vigorously support a cooperative remedial tax relief program.

"2. We have directed our staff representatives to develop a formula detailing equitable relative responsibilities for the states and the communities served by the railroad.

"3. Any such relief will be contingent upon the provision by the railroad of improved commuter service.

"4. We urge prompt, favorable action by the Interstate Commerce Commission on the New Haven Railroad's application for a $6,000,000 federally guaranteed loan which will provide the essential funds for current operation of the railroad. This action will provide a 'breathing spell' necessary for the development of a longer-term solution to the railroad's basic problems.

"5. Because of the substantial interests of our respective states and communities, we have designated key members of our respective staffs to work together as a committee to confer immediately with the Interstate Commerce Commission on measures to ensure uninterrupted service.

"6. We urge the Interstate Commerce Commission to expedite the report of its pending investigation proceedings on the New Haven Railroad so that all interested parties may have the benefit of its findings and recommendations.

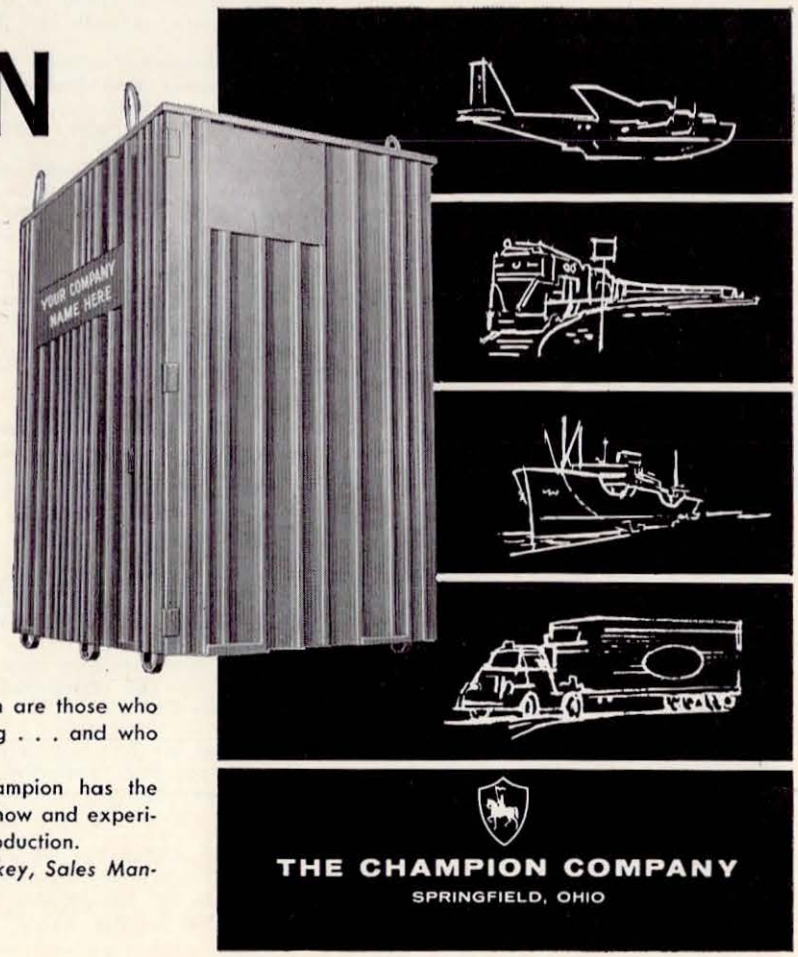
"7. The States of Massachusetts and Rhode Island account for approximately one-third of the railroad's passenger business. Therefore, those states share with us the responsibility for comparable tax relief action.

"8. In view of the fact that prompt action is urgent and so that measures requiring legislation may be put before the respective State Legislatures when they convene in January, 1961, we have directed the staff group to file a report with recommendations as soon as possible and not later than Dec. 31."

CHAMPION

CONTAINERS ARE READY FOR YOU NOW!

WHY WAIT? Containerized shipping will bring: Lower handling costs • Less in-transit damage • Lower freight rates • Less pilferage • Lower insurance rates • Less packaging costs



Face the future! Containers are here to stay and common carriers are the ones who will gain the most benefits. The companies who will forge ahead in this dynamic age of space and the atom are those who realize the practicability of containerized shipping . . . and who get moving *now* in this challenging field.

Whatever your needs in containers, Champion has the answer or can dig it up from the wealth of know-how and experience gained in many years in this specialized production.

For a quick answer, write to Norman Dickey, Sales Manager of Special Products.

THE CHAMPION COMPANY
SPRINGFIELD, OHIO

 (*Continued from page 42*)

swer you would like, because they do have to look at several things. They've got to look at the over-all revenue position. It isn't as if they were doing business in just one department. It spreads over quite an area. You always have to be very conscious of what you are doing, or trying to do, and the effect it may have elsewhere.

Paul: I appreciate that. Criticism is not against a reasonable investigation. I thoroughly agree with you. But that has not been our experience in dealing with railroad rates.

Edsforth: You think it has been unreasonably long?

Paul: Very much so. We often have to have something pretty quickly. I don't mean right off the bat, but within a reasonable time.

Brewbaker: Rate committees in the United States work that way. It's hard to get anything done quickly regardless of what rate committee is involved.

Hart: If this is a delaying tactic, if somebody is just using it to stall you off, or to refuse to give you a "no" answer, well, I think you're entitled to a "yes" or "no" quickly. We shouldn't use the committee mechanism to dodge our right or privilege to say "no." What you want is an answer quickly, with reasons.

Edsforth: We are happy that we perhaps don't have the tremendous delays in rate action that are encountered in committee action. We are fortunate in that respect. In defense of our United States friends, they perhaps can't help themselves because of such a multiplicity of lines.

Hart: They look with great envy on us.

Edsforth: Here we have two large railways which handle most of the traffic.

Dean: Let me make it clear—I'm not trying to criticize in any destructive way. I just want to tell the railways that it's something that needs correcting. I have nothing but admiration for the way the railways of Canada handle things generally. You can go to them today with a problem which may require an agreed charge, and you can get action within a week or two. I understand a railway can't just give you a snap decision. They have to look at it and weigh it, and it takes a little time. I don't expect an answer overnight, but I do expect one in a reasonable time. I'm just trying to be helpful. There is nothing more important to railways than pricing. It is the same in our business. It is pricing that sells our product and it is pricing that will sell the railroad product.

Edsforth: I agree. Sometimes the committee method is the quickest way of getting it done. Not always. But there are times when that is the best way to do it.

Dean: One other observation—over a good many years in traffic work I've heard a lot about the rate structure. We all know how it has grown up. To certain men it is sacred. It is their Bible and they mustn't do anything which is going to affect the rate structure.

I think they've gradually got to get away from the idea that there is some mythical "rate structure" which cannot be violated just because it will affect the pattern. In other words, do railroads need a system of rates which can defy any attack from the standpoint of discrimination or anything else?

Edsforth: There is no sacred cow aspect to the so-called "rate structure." It has been much maligned.

Hart: I think the so-called rate structure has changed its meaning. Once upon a time there was a sacred aspect to it, and quite properly so, but now that term has a wholly different meaning.

Edsforth: The term is used probably for want of a better one. What they really mean when they say "We want to see what it is going to do to the rate structure" is, "We want to see what it's going to do to our revenue—and our traffic."

Dean: We have no complaint with the railways in wanting to protect their revenue. We are an industry that recognizes we have to have in Canada transportation of the first quality. We are willing to pay a reasonable price for it. We want the railways to live. It's to our interest to see that they live. They can only live if they get remunerative freight rates. We go along with them 100% on that.

Edsforth: You don't think it's a sin to make a profit?

Dean: Not a bit.

Stroud: Didn't I understand this "new look" on Canadian railways basically was this—that they are going to have trained salesmen who will come into our office and ask us what freight we are moving and how, and whether they may have the oportunity of moving it? Is that basically the "new look"?

Johnston: That perhaps is an oversimplification, but, yes.

Stroud: If you can't handle it at a profit, you don't take it.

Johnston: That's right.

Stroud: You come in and say, what are you moving and where, and what are you paying, and what can you afford to pay?

Edsforth: That's what we're doing right now.

Kennard: It would be my thought that the railways should aim to be in a position to ascertain, through research and industry studies, what industry is moving and what the railways would be prepared to offer for utilization of their services.

Hart: We hope we will in some degree have that knowledge.

Speaking to your point, Mr. Dean, about delays, there are a number of things that cause delays in rate-making. The chief thing perhaps is that, when a request is made for a new rate, the first concern is "What is that going to do to traffic we are now handling?" Up till recently, and we haven't got all the bugs ironed out as yet, we had a woeful lack of information on our own traffic pattern. Through the introduction of IDP, we hope—it's being programmed now—to get traffic data a lot faster. The older method took two or three months before we were up-to-date on our historical reporting. If we wanted to find out what was moving between, say Hamilton and Winnipeg, it would call for a special investigation, a special chore. We hope now that will be turned out very quickly.

The other thing which inhibits a lot of competitive rate making, or causes delay—and this is very delicate—is that somebody may want a competitive rate between "A" and "B." Some other shipper moves a similar commodity between "C" and "D." The mileage is roughly the same or maybe a little longer, but the competitive conditions between "A" and "B" may be quite different. A lower rate may be justified there, but the other shipper comes along and says "I want the same thing." It's very difficult sometimes to say "No," because competitive conditions are not the same.

Gracey: You may be dealing on the two routes with two different producers and also with two different companies operating in the same other competitive mode of transportation. Therefore, your transportation competitors, each of them, doesn't have to worry too much about what the other is doing. It's not in their franchise.

Johnston: That's right.

Hart: It's a "force majeur" applied, shall we say, by certain large shippers.

Edsforth: If you can do it for Joe you can do it for me. A very effective argument.

LaFerle: There is no discrimination according to the act.

Johnston: I didn't mean to infer that. It's just that the second shipper comes

along and says: "I have been with you for a long time. I have never used the truck. The shipper at this other point has been on the highway for a long time. Now you have given him a lower rate per mile than I enjoy." It is very difficult to say to him: "Well, Mister, the only reason we are doing this is because we have no choice. We are trying to get new traffic back. You are using the railway. Apparently it must be to your satisfaction. There is no justification in your case for the railway to reduce its net revenue."

Hudson: When you speak of rate-making, competition, or market research, I assume you're also taking into consideration private carriage.

Hart: That is probably our ultimate competition.

Edsforth: Many, many agreed charges are made to meet such competition—some of our biggest ones.

Gracey: Do you feel private carriage is increasing in Canada? Is there an erosion of traffic from for-hire carriers to private carriage?

Johnston: Yes.

Gracey: Is it at the same accelerated rate it was?

Hart: That's difficult to answer. I don't know.

Edsforth: I too think it's difficult to answer. It sort of jogs along. It's here, but I don't know that there's any particular trend.

Hart: One of the troubles of the transportation business is that it's so very easy to get into. This is really one of our major difficulties—the quickness of in and out. It's a difficult one to meet.

LaFerle: Your main problem, and I think it's going to come pretty soon, is going to be your buy-and-sell operator.

Hart: That's another aspect of the same general problem.

LaFerle: We are very conscious about lease carriers, private carriers and buy-and-sell carriers.

Dean: The railways should also be considering potential competition. I have in mind several instances where the railways have come after the horse was gone, when it's been too late to do anything. I think, especially in the way of research, they should be looking ahead to see what business they are handling today might possibly be evaporating providing they don't take steps to protect it against some other form of transportation. We have heard about pipelines. They are going to be a big thing in this country within the next few years. We are going to have gas and oil displacing rail movements.

Hudson: From the conversation so far it seems obvious that there certainly is a "new look" in Canadian railroading. A lot of things are going on. However, much of this is a long-range program. What are the immediate steps, or first steps? What can be done now? What can we say on that to clarify the present status or order of things, or is it all so parallel that it's difficult to do that?

Edsforth: We don't expect to achieve miracles overnight. What we are trying to do, as rapidly as we can, is to streamline our rate-handling methods, because we realize that a shipper not only wants to know what he is going to pay but he wants to know pretty soon. He can't afford to sit around guessing and waiting a long time.

Shoemaker: Psychologically, wouldn't it help the railroads if they would issue progress reports from time to time rather than keep the proponent of a rate in the dark?

Henson: That's a point close to my heart too. Agreed charges are negotiated at the Canadian Freight Association level. But unless there is some specific announcement you never get an answer. We don't know what you are thinking. Is what we have said satisfactory? Have you any other thoughts in mind? Should we start digging up more information before we get around to meeting you again? I don't think it's right.

Edsforth: It's lack of communication.

Shoemaker: Unfortunately, if you don't hear, the shipper gets the feeling nothing is being done.

Hart: Any customer of any selling organization is entitled to an answer to his proposal. An answer quickly. If you can't give him an answer quickly he's entitled to the story of why you are unable to.

Stroud: In some instances, industry takes the same method. We never answer either.

Hart: You're still in a buying position.

Dean: It puts an industrial traffic man in a very embarrassing position when he has to say to his management: "I have had this thing up with the railway for two months and I can't even get a reply to my letter." It reflects on him, it reflects on the railways and it certainly isn't good public relations.

Gracey: I have often heard my members talk about CFA proceedings. There are so many items on the docket that my members seem to feel they are being delayed. Will your new concept of commodity specialists avoid this situation? Or will it continue to be handled through the familiar CFA procedure?

Edsforth: It's difficult to do more than generalize on that, but if things work out as we hope, there will be less need for many subjects to be on the CFA docket. I don't think, however, we are going to get away in the foreseeable future from the need of handling special questions at least through CFA committee channels. They are so frequently matters of general interest or general application that they must be considered by the committee as a whole.

The object will of course be to try to keep the dockets of these meetings down to a minimum and try to speed up their disposition. That is what we would hope to do.

LaFerle: Perhaps this meeting should have been held 27 years ago, to get rate people to realize that competition was slowly creeping on. No action was taken. Had this been held 27 years ago, the statement by Mr. Edsforth that the railway companies are now in the general transportation business, rather than in the railway business, would have cured a lot of the present ills.

Industrial traffic managers have been preaching to railway companies to get into the general transportation business.

Paul: I want to express my delight with the new proposals of the railways for speeding up these rate matters and other things. A lot of specific subjects peculiar to each industry will no doubt come out in the market research.

Scott: Market research is a service operation primarily directed to assisting rate and selling officers to do a more effective and expeditious job. While we have been discussing basically long-range plans, I can assure the shippers that there are very large projects in the mill at the moment.

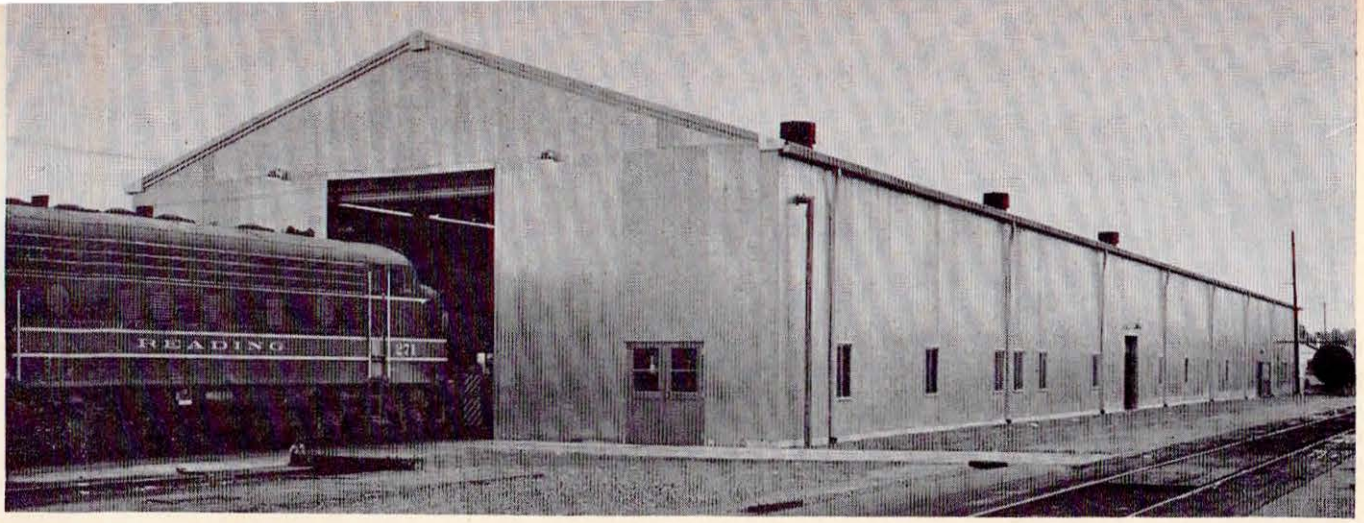
Latimer: We are very well aware that the marketing concept cannot develop in a vacuum on the railways. We are going to need very close cooperation and liaison with all you people.

Edsforth: I would term this discussion a market research study in itself because we have heard quite a few very, very good ideas advanced by thoughtful and experienced industrial traffic men. Those are the kinds of things we want to get. The railways are interested in hauling traffic and we want to find the best ways to do just that.

Fullerton: It is up to the railways, to take advantage of some of the suggestions which have been so kindly offered here today.

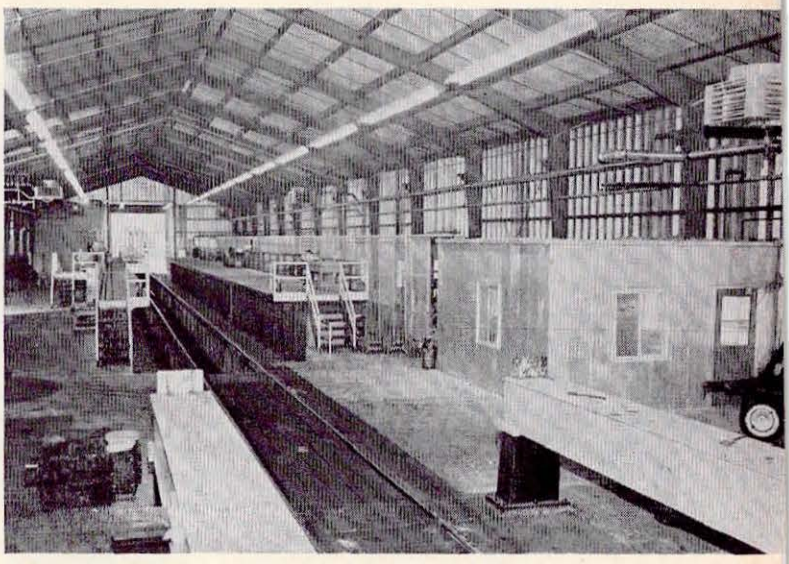
Hart: From our point of view this has been a most worthwhile day. I hope it may be only the first of many similar conferences with the same group and with other groups. This is basic market research.

LaFerle: We are perhaps 27 or 28 years behind the times. But we are not too late to bring about modernized operation of our indispensable carriers, the railways. We can't live without them.



DIESEL-REPAIR SHOP is constructed of 16-in.-wide Steelox panels on a rigid-type steel frame. Shop has one through track. Engines enter and leave through rolling doors 16 ft wide and 19 ft high.

New Reading Diesel Shop Can Service 24 Units a Day



SHOP INTERIOR features a long servicing pit, working platforms on each side of the track, a lube-oil station, a drop table and two offices.

When fire destroyed the Reading's diesel-repair facility at Newberry Jct., near Williamsport, Pa., the railroad decided to replace the masonry structure with a non-combustible structure that would provide ample room for modern repair equipment and also contain enough space for offices and locker-room facilities.

A 60-ft by 302-ft Armco steel building was selected and erected on the site of the old facility. Armco engineers worked with the Reading in developing the plans. In addition to the main repair shop, four other rooms were included in the building: two offices, a locker and lunchroom, and a restroom. These smaller areas are partitioned with Armco Steelox panels along an inside wall.

The main section of the repair shop has one through track with a pit, and elevated platforms with a lube-oil station on one side. Several labor and money-saving installations were made by the Reading in the new building. The most important of these is an automatic diesel-filter cleaner. With this unit the road expects to realize substantial economies in time and money.

A second installation is a gasoline-driven welding machine that permits welding to be done inside or outside the building without the use of direct electric current.

Still another piece of equipment in the new building is a battery charger that permits diesel batteries to be recharged without removing them from the locomotive.

With all equipment and operations housed under one roof, 24 diesels can be serviced each day in the new facility.

The building itself has side walls of 16-in.-wide Steelox panels that interlock inside to provide a smooth exterior wall. The roof is of corrugated-metal panels. Two rows of fluorescent lighting fixtures, running the entire length of the building, are suspended from the roof.

The repair area is not insulated or finished on the inside. It is heated by 360,000-Btu steam-fed heaters, and a differential temperature of 60 deg is said to be maintained without difficulty.

All of the partitioned areas are insulated and finished on the sidewalls with rigid-type insulation. Ceilings are insulated with a 2-in. blanket of glass wool.

The small rooms are each heated by a 20,000-Btu steam-fed unit heater.

The road reports that the new diesel-repair shop has proved to be both economical and efficient. Erected quickly, the steel building has given the road the space it needs to handle all operations under one roof, while at the same time minimizing the threat of another fire.

NYC's New Agency Cash System

► **The Story at a Glance: Processing of freight bills has been reduced from nine steps to six by a new IBM punch-card system being introduced by the New York Central at 10 of its larger freight stations. As an added dividend, the new method is faster, more accurate, and gives the railroad better control over outstanding accounts. Here's how it works.**

As another step toward its goal of providing "the finest all-around freight service possible," the New York Central is mechanizing its freight agency cash system at 10 of its larger "Freight Service Centers," using what it terms "the latest available IBM punch-card techniques."

The new system has been in use at Detroit since Aug. 1 this year. It is now being introduced, also, or soon will be put into effect, at Albany, Boston, Buffalo, Chicago, Cincinnati, Cleveland, Indianapolis, New York City, Syracuse and Toledo.

One obvious result of the new system will be better service for the New York Central's customers. Apart from this, the railroad hopes the innovation will achieve four basic objectives. It will:

The Old Manual Billing Method Required Nine Laborious Steps

1 Waybill rates and charges are checked for correctness and freight bill numbers applied.

2 Bills for collection of freight charges are typed out on old-style machine.

3 Freight bill copies are separated out for mailing to patrons and office use.

4 Payments received are opened and sorted in customer alphabetical sequence.

5 Paid bills are pulled from outstanding file, with preliminary check of payment vs. bill.

6 Deposit slip, listing cash and checks for remittance to bank, is prepared, old-style.

7 Payments are balanced against bills and listed in cash book kept in patron order.

8 Freight bills and amounts paid are listed in bill sequence for auditor of freight revenue.

9 Unpaid accounts are checked against file racks and tracers prepared for each patron.

Features Speed and Accuracy

- Provide quick daily control of outstanding bills;
- Record, automatically and accurately, payments received from customers;
- Analyze, daily if necessary, unpaid accounts; and
- Prepare, rapidly, necessary reports and bank deposit statements.

To accomplish those objectives, the road uses the new mechanical system to record, collect, process and trace overdue accounts in a manner which greatly improves the handling of cashier's records.

One of the key features is use of duplicate punch cards. One card is sent to the customer, along with his freight bill, returned with his remittance, and quickly machine-matched with the railroad's copy for accurate crediting.

As an added bonus, the customer can use the card, during the time it is in his possession, to make duplicates for his own machine accounting system.

How the System Works

The regular freight waybill is used as the source document for operation of the new cash system. Before the freight bill is prepared, the waybill is rated and revised if necessary to assure correctness of charges sent to customers. The freight bill is then typed on an IBM 826 typewriter card punch, which simultaneously produces two separate cards.

The customer's card, Card No. 1, is forwarded to him along with the freight bill. The cashier's card, called Card No. 2, is merged into a master file of outstanding cashier cards.

The customer returns his card with his check. Any variation between the amount he is billed and the amount he pays is noted on the card by the customer, and is punched into the card by the railroad when it comes back.

A third card is also punched for the check received.

Daily payments are applied against the cashier's outstanding master file by matching the returned customers cards (No. 1) against the No. 2 cards in the cashier's file. The matched customer, cashier and check cards are then used in preparing the agency's cash records and bank deposit statements.

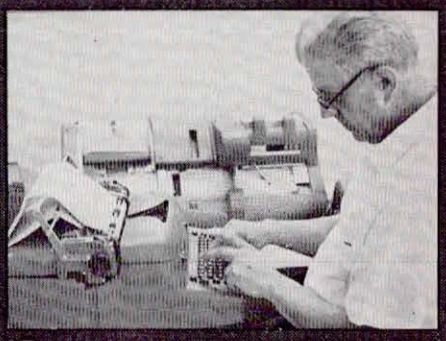
Unmatched cashier cards are selectively listed, daily, to prepare delinquent notices, which are mailed to customers who may be in arrears on payments. Copies of such notices are also sent, when necessary, to the railroad's treasurer.

An important feature of the system is the fact that, at any time, the outstanding cashier's file of No. 2 cards can be machine-processed to provide an immediate analysis of amounts owed.

Through automatic transfer to a punch card of selected information taken from a freight bill, the system is capable of expansion to tie in also with other station functions in addition to billing and collection of freight charges.

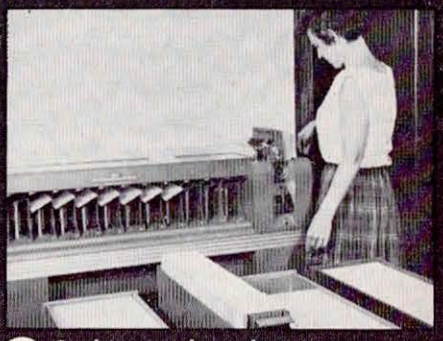
The New Machine Method Takes Only Six Easy Ones

1 Here, too, waybills are checked for correctness; freight bills and patron code numbers applied.



2 Freight bill, cashier card and customer collection card are prepared at same time on IBM 826.

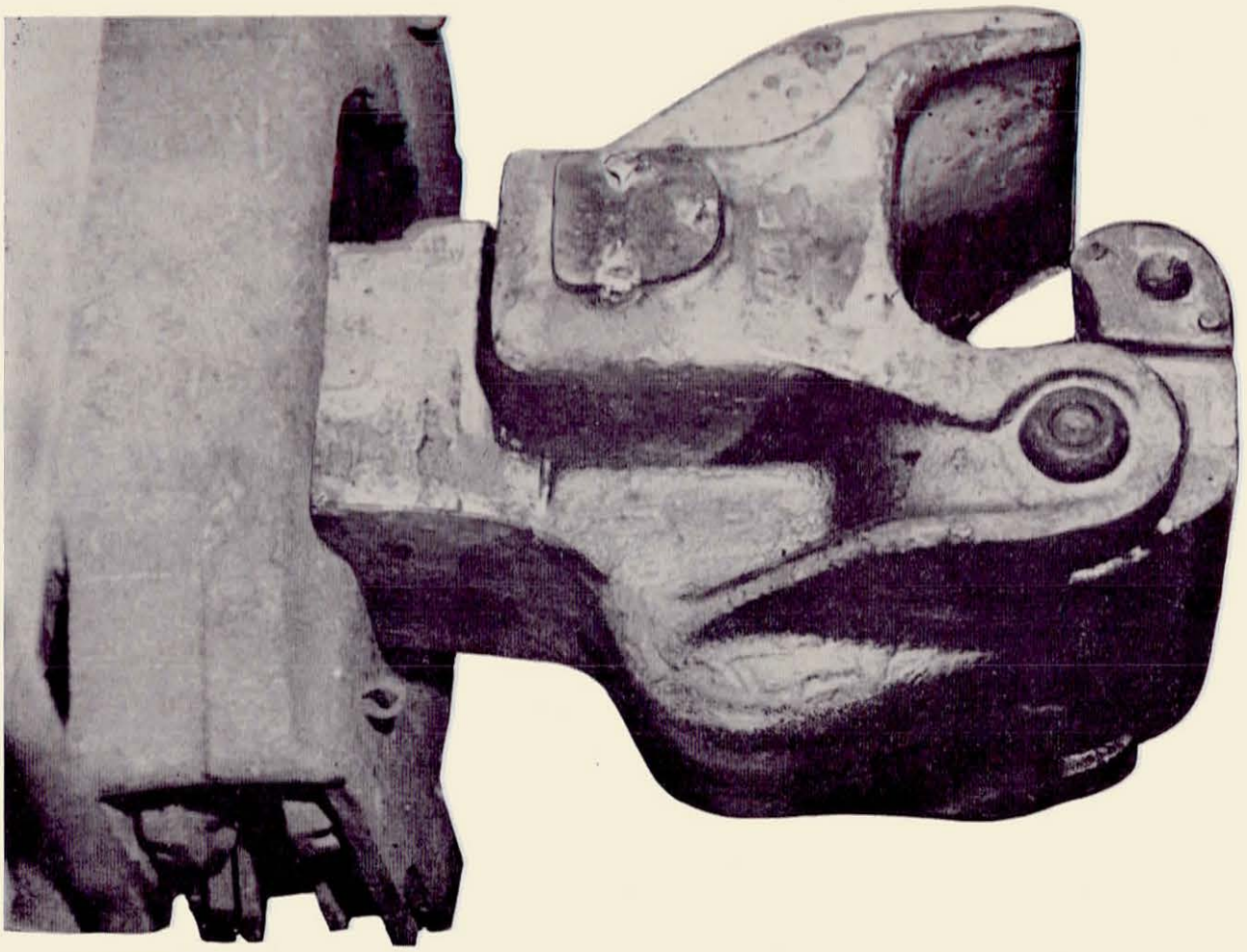
3 Cashier and customer cards and incoming check cards are keypunched for prepaid shipments.



4 Cashier cards and incoming customer cards are sorted into patron and bill number sequence.

5 New cashier's cards are merged, and customer cards matched, with outstanding file.

6 IBM 407 balances bills vs. payments; prepares daily listing; prints delinquency notices.



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all five major inland traffic gateways to and from the South . . . .

Yes . . . the Southern Railway System makes available to shippers and receivers a modern, complete rail service under one management that connects all these important gateway cities:

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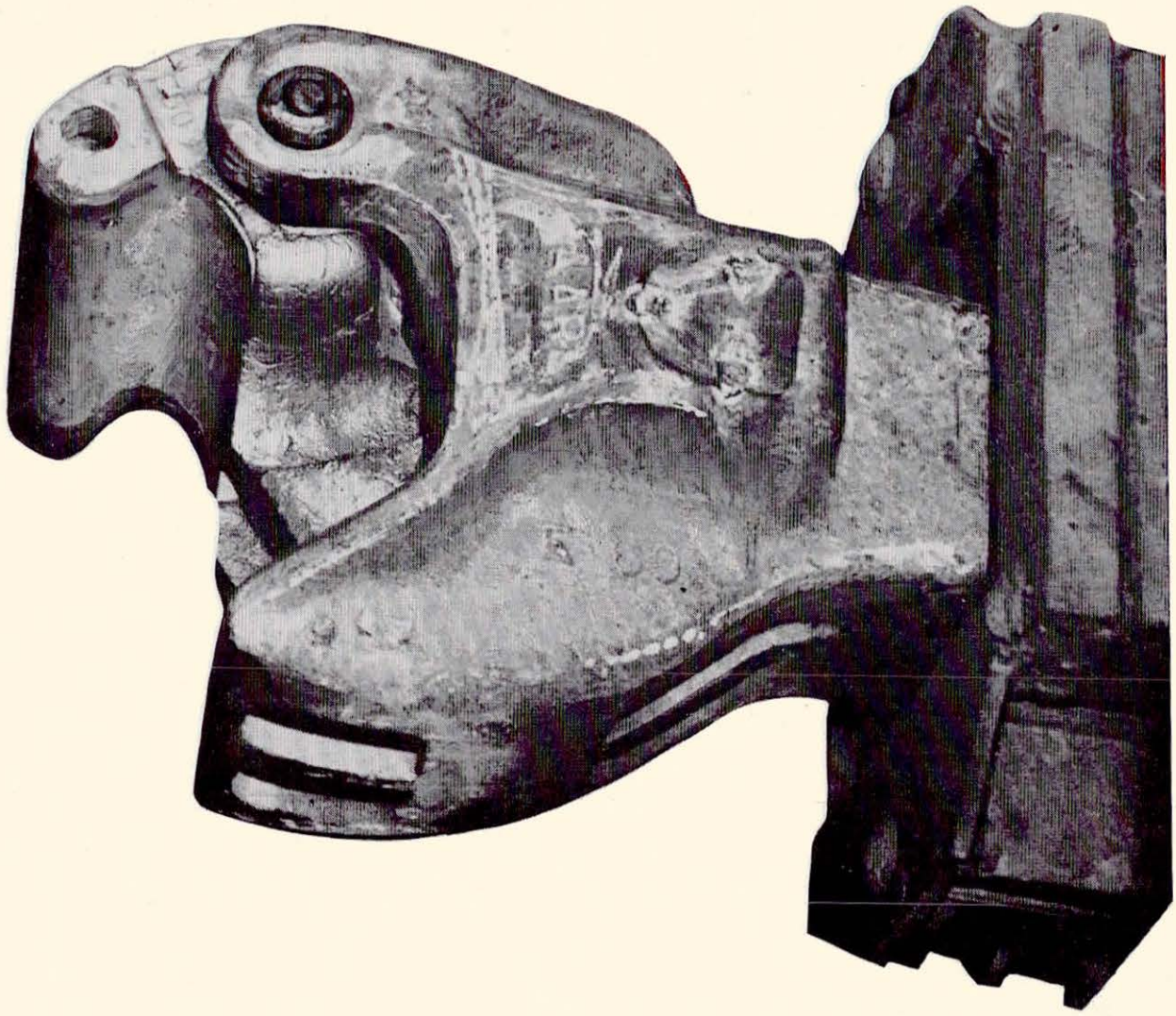
NEW ORLEANS, MOBILE, JACKSONVILLE, BRUNSWICK, SAVANNAH, CHARLESTON, MOREHEAD CITY and NORFOLK

SOUTHERN RA



With eight major Gulf and Atlantic ports in the South.

Put this far-reaching transportation system with its modern methods, facilities and equipment to work for *you* next time you're shipping to, from or within the South.

You'll find Southern's vast 8,100-mile rail network offers efficient, dependable, all-weather transportation between the South's great coastal cities, its commercial inland centers and its busy gateway cities to and from the rest of America.

ILWAY SYSTEM

THE SOUTHERN SR SERVES THE SOUTH

Co., Davenport, Iowa, "unless railroads receive the same 'handouts,' to use simple language, as their competitors."

On the other hand, "with truck competition everywhere, it would not seem possible that any lack of competition could result from rail mergers," in the opinion of G. E. Roeder, traffic manager of the Produce Merchants Association at Portland, Ore. A good many men agree with Mr. Roeder. "There will always be sufficient competition to warrant good service to the general public," says G. D. Cron, traffic manager of General Motors' Chevrolet-Oakland (Calif.) division. From the same city, L. W. Gragg, GTM, Kaiser Gypsum Co., agrees: "Barge and truck competition will insure competitive rail rates and service," so "economies resulting from mergers can only benefit shippers in the long run."

As added reasons for mergers, J. J. Leahy, Jr., Transportation Department manager of the Greater Boston Chamber of Commerce, suggests "increased ability to deal with rail unions." J. A. Willert, TM, Mystick Adhesive Products, Chicago, foresees the possibility of more efficient routing, with less chance for errors and overcharges if fewer carriers are involved.

Quite a few respondents, though they favor mergers in general, make perfectly clear their desire for continued railroad competition. R. F. Hogan, traffic manager, Warner Co., Philadelphia, takes, for example, much the same position as Mr. DeCroce. "From a selfish standpoint," Mr. Hogan writes, "I would rather see the present number of companies maintained, because competition insures better service. However, we must look at this question broadly. . . . I am convinced we must have rail transportation and only by weeding out non-profit operations and consolidating the remainder into strong profitable companies, can rail service be maintained."

E. A. Eddings, traffic manager, Strathmore Paper Co., West Springfield, Mass., also wants competition, but thinks "fewer good solvent roads would far surpass, in service and efficiency, many not too healthy ones." And H. A. Osterhart, GTM, Gerber Products, Fremont, Mich., though he favors mergers "in principle," warns that "not all are good."

F. L. Thomas, traffic manager of the Wisconsin Canners Association at Madison, favors "general consolidation," but believes present routes, connections and stop-in-transit privileges should be maintained. So does his neighbor, J. W. Jackson, traffic commissioner of the Green Bay Area Chamber of Commerce, who particularly emphasizes maintenance of competitive connections. B. M. Bonham, TM, Wire Rope division, American Chain & Cable Co., Wilkes-Barre, Pa., also favors "some mergers," but feels communities now having rail service "should continue to be served by at least one carrier."

Several respondents use their Poll ballots to comment on the type of merger they favor. G. W. Albertson, general traffic manager, F. W. Woolworth Co., New York, suggests, for example, that "the ideal situation might be where weak lines are gradually absorbed by stronger, rather than strong lines merging, where each previously operated successfully."

End-on-End Mergers Favored

C. B. Culpepper, secretary and general manager of the Atlanta Freight Bureau—acknowledging that he is "in direct contrast to the prevailing train of thought"—favors "end-on-end mergers of lines operating in different classification territories." Such mergers, he says, would "obliterate territorial boundaries and thus change forever one of the most pronounced deterrents to proper and equitable rate-making, i.e., divisions."

E. J. Hanson, traffic director of the Grand Forks, N.D., CofC, agrees with Mr. Culpepper. "Railroads," he says, "seem to be thinking about mergers in terms of encircling a given area. I wonder if they couldn't do a better job if they thought in terms of end-to-end mergers."

As to management of merged lines (Question No. 2 in the Poll), there is, as stated above, some fear that consolidations may produce companies too big to be efficiently operated.

"Too large a railroad eliminates the personal touch and depreciates service to some extent," says J. L. Miller, general traffic manager, Birdsboro Corp., Birdsboro, Pa. "Generally," adds J. W. Cassell, district traffic manager for Reynolds Metals at Sheffield, Ala., "medium to small lines give more specialized service, are more flexible, and give faster and better information."

On the other hand, S. L. Parker, traffic manager, Pacific Lumber Co., Scotia, Calif., feels "the large western lines have given ample proof that mere size does not preclude good management."

Others say that "bigness," in itself, is no deterrent to efficient management. The controlling factors are not size, but "caliber and initiative," or "enlightenment," according, respectively, to J. C. Cottee, general traffic manager, Glidden Co., Cleveland, and Mel York, traffic manager, E. W. Bliss Co., Salem, Ohio.

A. S. Daviau, traffic manager, Mennen Co., Morristown, N.J., thinks "fear of loss of business to more efficient railroads" would keep management alert. And E. F. Mundy, director of traffic, National Biscuit Co., New York, suggests that "intensified management training" would help staffs of consolidated railroads "to cope with the larger problems ahead."

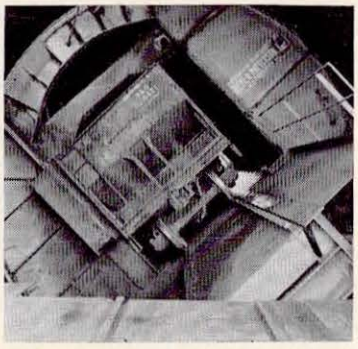
What seems to be the general concensus of industrial traffic opinion on railroad mergers is perhaps best summed up in two final quotations, one from D. M. Daly, director of traffic, Bristol-Myers Products division, Hillside, N.J., and one from C. D. Duffy, general traffic manager, Westinghouse Electric Corp., Pittsburgh:

Mr. Daly says: "I would much prefer that the company I represent be served by a smaller number of financially stronger carriers. . . . There is no lack of freight. The problem is a superabundance of carriers both in the rail and common motor carrier field. The paralleling and overlapping of service results in the forging ahead of the efficient and well-organized; the falling behind of the inefficient and poorly managed.

"Unfortunately, rates are fixed with a view to keeping the unorganized group in business, rather than providing a fair return for the efficient. . . . Merger and consolidation may not be the cure-all. However, they do appear to offer the possibility of lower fully-distributed and out-of-pocket costs with better service and lower rates."

Mr. Duffy says: "Railroad managements should . . . take all practical forms of action that will increase their return on investment, make their companies stronger financially, prevent further erosion of profitable traffic, adjust plant to today's needs, and obtain the optimum combination of service, equipment and pricing that will best serve the public. Mergers appear to represent one important means for reaching these goals. Yet, until further experience is obtained, I think mergers should generally be between carriers in the same territories; should maintain competition of two lines between the maximum practical number of major tonnage-producing cities, and should not result in companies more than twice as large as the country's biggest current systems, because of possible loss of efficient managerial controls."

TV, Radio Aid Coal Dumping



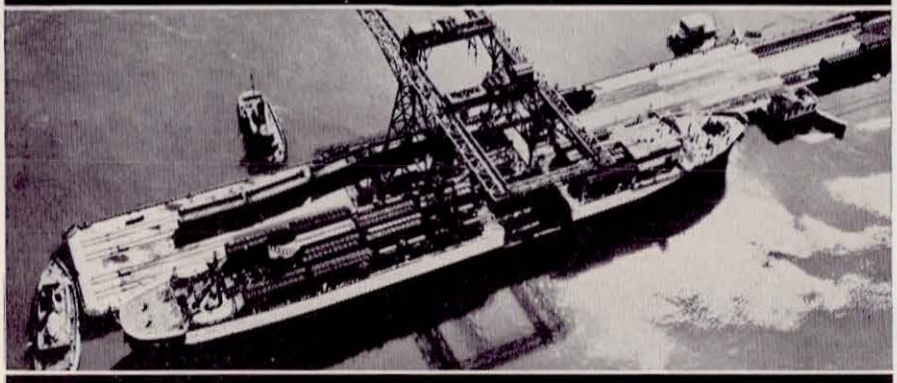
ROTARY DUMPER turns hopper cars upside down. Dumper is controlled by operator (at left). Two-way radio provides communications between dumper operator and engineer of the switching locomotive pushing cars onto dumper.

DUMPER OPERATOR has radio contact with switcher that "inches" hopper cars onto the dumper. TV screens give him picture of coal pile to aid operator in controlling derrick used in coal-piling operation.

At the Public Service Electric and Gas Co.'s new generating station in Bergen, N.J., one man controls the thawing, weighing, and dumping of cars, the coal crusher, the swing boom (which delivers coal to the storage pile), and the conveyor belting attendant to these operations. TV monitors and radio are necessary aids to his work. General Electric two-way radio provides communications between the dumper operator and the company's 100-ton GE diesel switcher shoving cars into the Heyl and Patterson dumper. The radio is used extensively, even to giving "inching" instructions to the engineman. The radio antenna is mounted in front of the picture window inside the building. After dumping, the coal passes through a crusher and then is delivered to the coal pile by a derrick-like swing boom. This boom is out of the range of the operator's direct vision, so he depends on two General Precision Laboratory TV monitors. One is mounted on the swing boom for a close-up view; the other is mounted farther away on a stationary support for an overall view. Levers in front of the TV screen control boom movement left-right and up-down. The plant, which can burn either natural gas or coal, uses about 80 cars of coal per day when fully coal burning. PSE&G tracks connect with the NYC's West Shore.

DOES it always pay to specify the low-cost carrier?

This low-cost carrier gives high grade transportation!



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Shippers' Guide

Baltimore & Ohio

. . . Extends TOFCEE

The B&O has extended its TOFCEE (piggyback) service to eastern Pennsylvania points served by the Reading. The new coordinated service to such cities as Reading and Harrisburg will provide third-morning delivery to certain western stations.

Milwaukee

. . . Regional Data Office

Has opened a regional office at 40 N. Frances St., Madison, Wis., to handle freight accounting and billing for shippers formerly serviced by station agencies in Madison and 113 other points in Wisconsin and Illinois.

Missouri Pacific

. . . Port Handbook

The third edition of the "Handbook of Ports Served by Missouri Pacific Railroad" is being distributed. The handbook describes the physical setup at each Gulf of Mexico port served by the MP. Copies are available from the office of J. N. Sanders, MP foreign freight traffic manager, Missouri Pacific Bldg., St. Louis 3, Mo.

Traffic Publications

PURECO CO_2 BLAST CHILLING. 6 pages, diagrams, tables. Pure Carbonic Co., Dept. RA, Form ADPC 46A, 150 East 42nd St., New York 17.

Describes use of carbon dioxide liquid for obtaining desired shipping temperatures quickly and economically after loading (RA, June 27, p. 62).

LINK-BELT CAR SHAKER. 6 pages, illustrations, diagrams. Link-Belt Co., Dept. PR-RA, Folder 2745, Prudential Plaza, Chicago 1.

Describes operation of shaker mechanism designed for hourly unloading of 8-10 hopper-bottom cars.

MARKING RULE CARD. 11 by 17 in. Proper Marking Assn., Dept. RA, Form MR-60, Box 537, Carbondale, Ill.

Printed in four colors on heavy card stock, for hanging in shipping rooms, this card outlines rail and truck marking rules; also export and military marking specifications.

TOTE—A COMPLETE SYSTEM TO SOLVE YOUR BULK MATERIAL HANDLING PROBLEMS. 32 pages, illustrations, diagrams, specification tables. Tote System, Dept. RA, Catalog 8, Beatrice, Neb.

Details all ramifications of the Tote system of shipping and storing both dry and liquid materials in portable bins de-

signed for rail, highway or vessel shipment and for automatic handling. The system has recently received ICC approval for handling flammable materials.

FULLER EQUIPMENT FOR CHEMICAL PROCESSING INDUSTRIES. 12 pages. Bulletin G-3D, Fuller Co., Dept. RA, Catasauqua, Pa.
Discusses applications and performance characteristics of Fuller pumps, conveyors and other equipment.

ECONOMICS OF CANADIAN TRANSPORTATION, by A. W. Currie (2nd ed.). Canadian Industrial Traffic League, 20 Bloor St., W., Toronto 5, Ont. $10.00.
Brings up to date the first edition, published in 1954, covering all fields of Canadian transport, with examination of theories and principles and citation of cases and examples.

AWR President Cites RRs' 'Built-In Advantages'

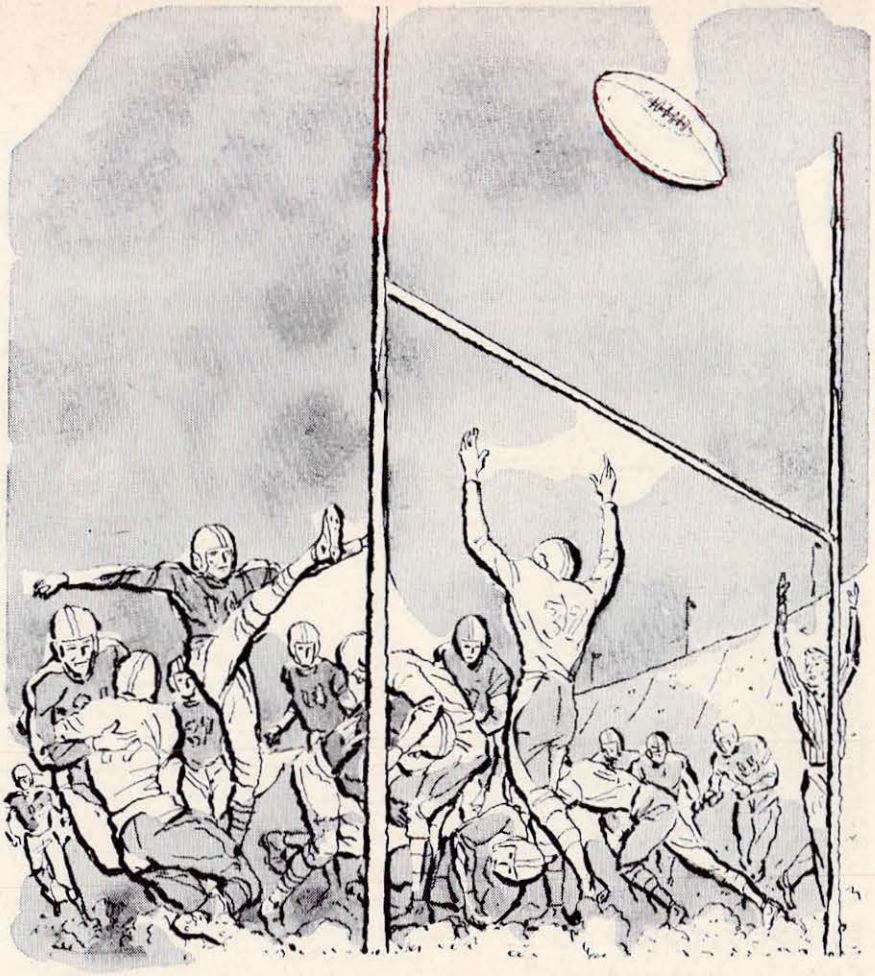
A new leadership in the railroad industry today intends to "exploit fully the built-in advantages the railroads have," AWR President Clair M. Roddewig declared recently.

Mr. Roddewig cited these advantages, in remarks prepared for delivery before the Seattle, Wash., Chamber of Commerce:

- The new leadership itself, which "is ready to break and, indeed, has broken with the past."
- The vast network of rail lines, frequently in competition with each other but, nevertheless, operating as one transportation system.
- Cost factors, which make the railroads "the lowest cost form of transportation that reaches all producing, marketing and consuming areas."
- The ability of the railroads to handle "all commodities to all places, at all times, under all circumstances and at known published rates."
- Flexibility in distribution of rolling stock to meet needs.

These advantages by themselves, he noted, don't mean much—not until they're translated into something of value to the shipper. But, he reminded his audience, the carriers have spent $16 billion in the last 15 years to improve plant and rolling stock and "the only purpose . . . is to meet this challenge of change and to place our industry in a position to offer a constantly improving type and degree of public service."

Research, Mr. Roddewig said, offers additional promise. One example: Automation in train operation. "With automatic trains and completely automatic control of traffic by electronic computers already emerging toward reality," he declared, "railroad transportation may well be at the threshold of its most exciting era."



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to give you those many services
that mean better shipping for you!

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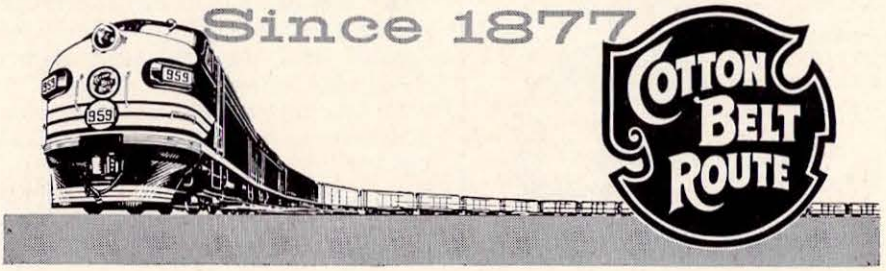

Locating GROUND LINE POLE DECAY is often tricky

. . . but **OSMOSE**

Inspectors Spot it, Stop it, every time

When it comes to locating decay symptoms, there's a world of difference between inspection methods. All OSMOSE Inspectors are permanent employees, specially trained and alert to locate hidden trouble areas which might easily escape less-experienced operators.

And the OSMOSE treatment is equally thorough. If decay is present, all infected areas are carefully chipped away, using a special, Osmose-designed tool. The remaining circumference is accurately checked to determine safe load-bearing limitations. Then, liberal quantities of OSMOPLASTIC and the extra wrap-around protection of OSMOSHIELD are applied by men who know their jobs and take pride in their work. In the past 20 years, over 5,000,000 poles received this effective, long-lasting treatment.

If you want Inspection and Treatment that leaves nothing undone to keep every older pole safe and sound on the job, for less than 5% of replacement cost, get the full facts about the Osmose method. Write: Osmose Wood Preserving Co. of America, Inc., 981 Ellicott Street, Buffalo 9, N.Y.

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Panel Discusses Ways to Improve Detector Efficiency

Hotbox detector efficiency ranges from 50 to 90%, although most detectors have an efficiency range between 60 and 80%, according to a panel at the recent Signal Section convention. Detector efficiency is defined as the number of cars found to have hotboxes compared to the number of cars indicated to have abnormal journal temperatures. Other conclusions of the panel:

The change from waste to pad lubricators is not expected to materially change indications, except that pad-equipped journals have a sharp rise in temperature at start of run, but quickly drop back to normal temperatures. This is attributed to the failure of the pad to lubricate at start.

The detectors are maintained by the signal maintainer in whose territory the equipment is located. In some instances this means that one man will maintain the scanners and another the recorder.

Some difficulty has been experienced from lightning, but this has been solved by proper use of lightning arresters and using a relay to short the galvanometer coil except while recording.

Seasonal adjustments are necessary, raising gain in summer and lowering gain in winter.

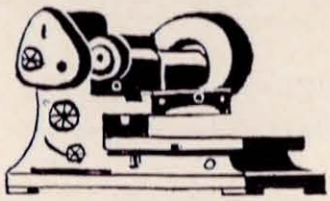
It is not advisable to mount the scanners on the track ties. A railroad which has done this has instituted a program of relocating the scanners on pedestals. Where rail raising is great (4-5 in.) due to severe cold, it might be desirable to sacrifice equipment life and increase maintenance by attaching the scanners directly to the rail. Most thought a usable indication could still be obtained with a rail raise of five inches with the scanners mounted on a pedestal apart from the track structure. A supplier stated that equipment would be subjected to 100G's mounted directly on the rail and 35G's mounted on the ties, both severe accelerations.

Hotbox detector equipment could be made fail-safe, but only at a greatly increased cost. Failures and partial failures are best determined by analyzing the tape.

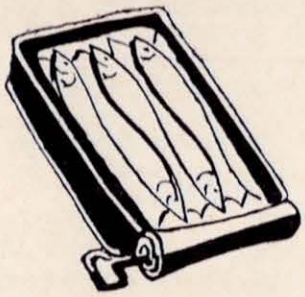
Equipment is being developed by the suppliers that will provide a measure of self-checking for automatic alarm system. An indication will be provided to indicate to train crew or operator that the equipment is not functioning correctly.

Various maintenance programs contained these features: Tubes checked for low emission each month; special test force checks voltages and adjustments each month, complete check every three months.

For shipping beans



or machines



or canned sardines

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No matter what you ship call the nearest Santa Fe Traffic Office and let the longest railroad in our nation go to work for you.

Santa Fe

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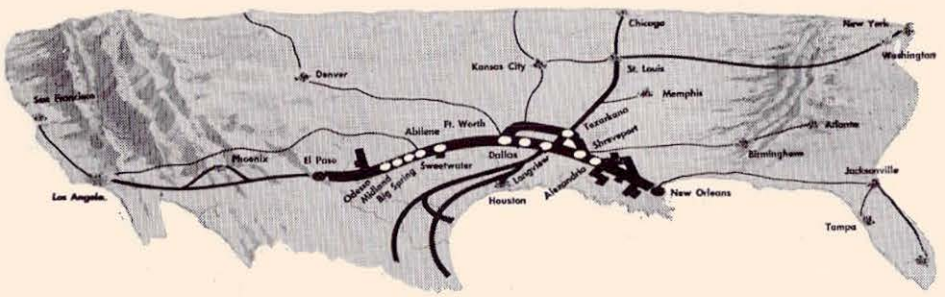
No matter how good a "pro" gets . . . whether it's in golf, big league ball, or shipping . . . he keeps trying to improve. He is always searching for ways to improve his skill and to do his job more effectively and efficiently.

As a transportation "pro," you're also looking for faster, better and more economical ways to handle your shipments . . . just as we are on the T&P.

T&P folks are always ready to pool their experience with yours so as to aid you in providing the kind of transportation that keeps satisfied customers satisfied. Cooperating with our customers is one of those things to which everybody on the T&P is intensely dedicated.

Your cooperative
TEXAS AND PACIFIC RY



FCC Reaffirms RR Microwave

► **The Story at a Glance: The Federal Communications Commission's latest microwave order indicates the commission will continue its policy of licensing point-to-point railroad microwave systems. The order also reaffirmed the commission's previous conclusion that there is adequate frequency space available to support the liberalized policy for the licensing of private microwave systems. There are facts in the record, the FCC said, tending to indicate there will be no substantial adverse economic effects on communications common carriers because of the liberalized licensing policy. FCC has issued the first of a series of amendments to implement its microwave order.**

In its recent microwave ruling, the Federal Communications Commission said it is not "closing the door for all time on the arguments of the communications common carriers" against greatly broadened license eligibility for private point-to-point microwave radio systems. The ruling reaffirmed the commission's policy ruling of slightly more than a year ago in its study of frequency allocations above 890 mc (Docket No. 11866).

Curbs are put on the cooperative use of private microwave systems providing that such authorizations "will not be issued except for (1) persons eligible in the police, fire, highway maintenance, local government, and forestry conservation service, (2) the so-called right-of-way companies, like pipelines, and railroads, and (3) other organizations whose rates and charges are regulated by a government entity. . . .

"While we cannot say for certain what the net effect the proposed liberalized licensing would have upon the (communications common) carriers and the public, there are sufficient facts in the record which tend to indicate that there will be no substantial adverse economic effects."

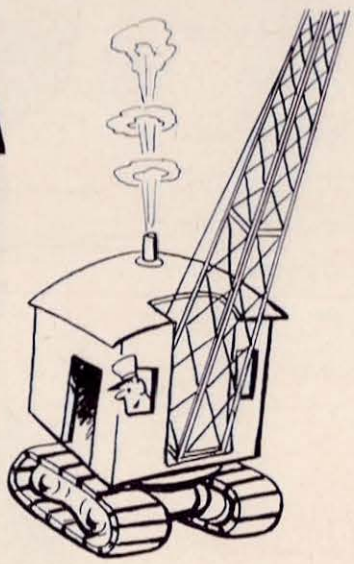
The commission said it "should like to emphasize that we are in agreement with the carriers that the establishment of private communication systems will result in the loss to the carriers of some message toll and private line revenues represented by some of the traffic which would be handled over such private systems. It is another matter, however, to conclude that the probable economic losses will be of such a nature and magnitude, when viewed in relation to the total resources and communications market of the communications common carrier industry, as to impair the ability of the industry to furnish an adequate nationwide service at reasonable charges."

The FCC made clear that "all users" of frequencies which might be useful for space communications in the future "are put on notice that, if future developments in space communications should warrant, they may be required to shift frequencies or otherwise modify existing authorizations to meet possible requirements for space communications needs."

In sharp contrast to its finding that the common carriers had not shown economic injury with sufficient specificity, the FCC concluded that there is a need for private systems, although "the showings in some cases as to need were weak." (*Continued on page 64*)

LOWER THE BOOM

ON CLIMBING FORK-LIFT TRUCK MAINTENANCE COSTS



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Engines stay clean and, therefore, last longer. Maintenance costs are reduced 50% . . . oil life is tripled . . . engine performance is quiet and smooth.

Suburban Propane Motor Fuel Service offers you your choice of supply systems:

Cylinder Exchange in which you are supplied with full cylinders in exchange for empty ones
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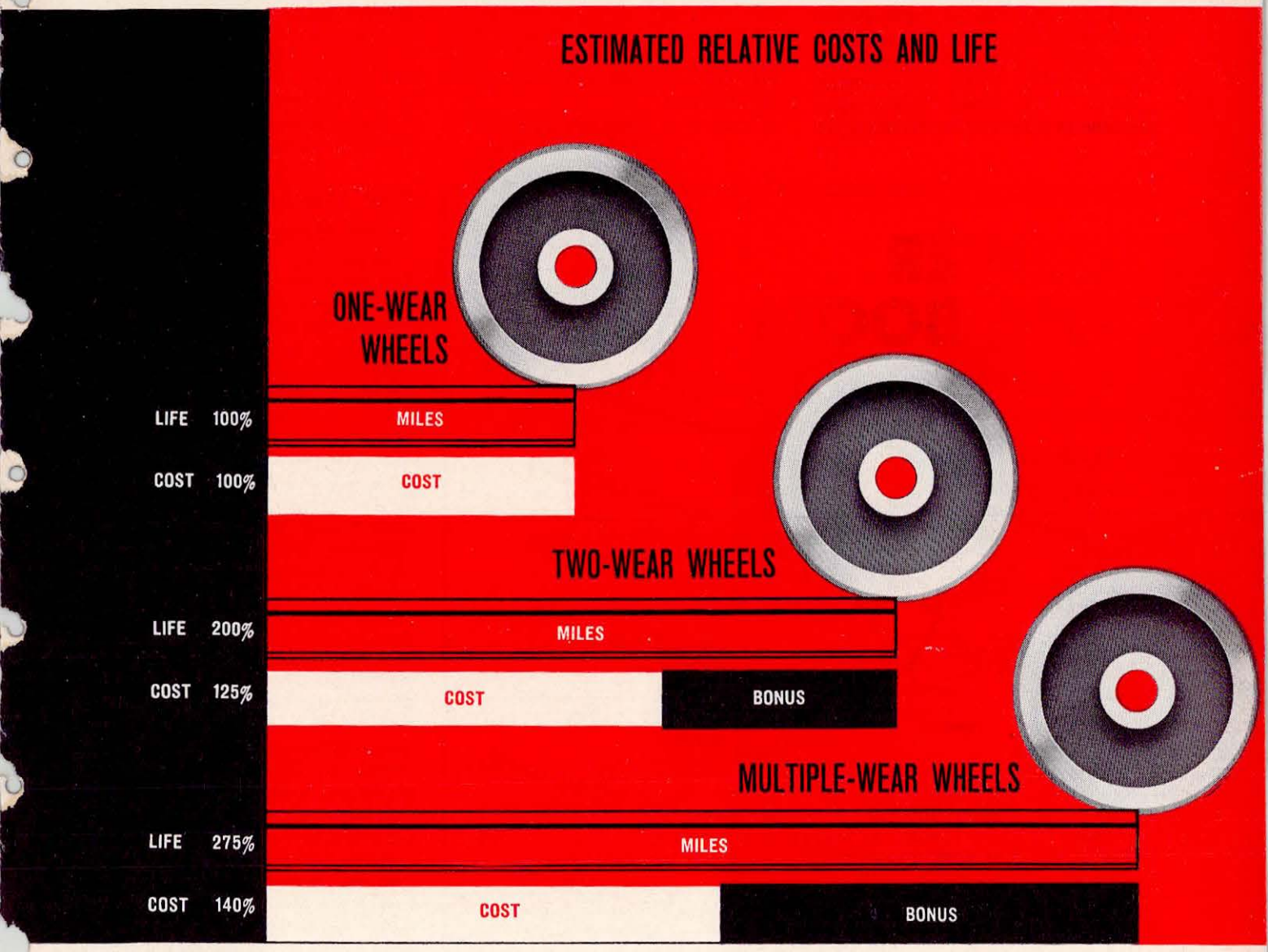
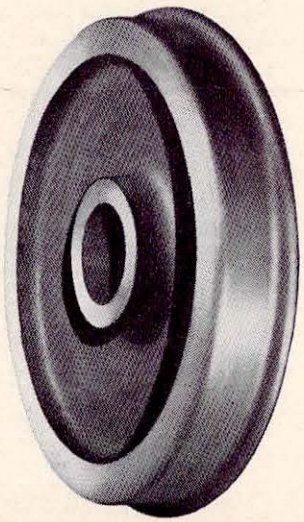
How to *reduce* wheel costs





EDGEWATER TWO-WEAR AND MULTIPLE-WEAR

rolled steel wheels

Not only do Edgewater rolled-steel wheels provide a substantial per-mile cost saving, but also an extra measure of safety They are made on the world's most powerful circular rolling mill. The Edgewater process produces wheels that are tough and hard — give long life under heavy loads and high speeds.

If you are looking for savings, here's a good place to start!

EDGEWATER STEEL COMPANY

P.O. Box 478, Pittsburgh 30, Penna.

FCC REAFFIRMS RR MICROWAVE (*Continued from page 62*)

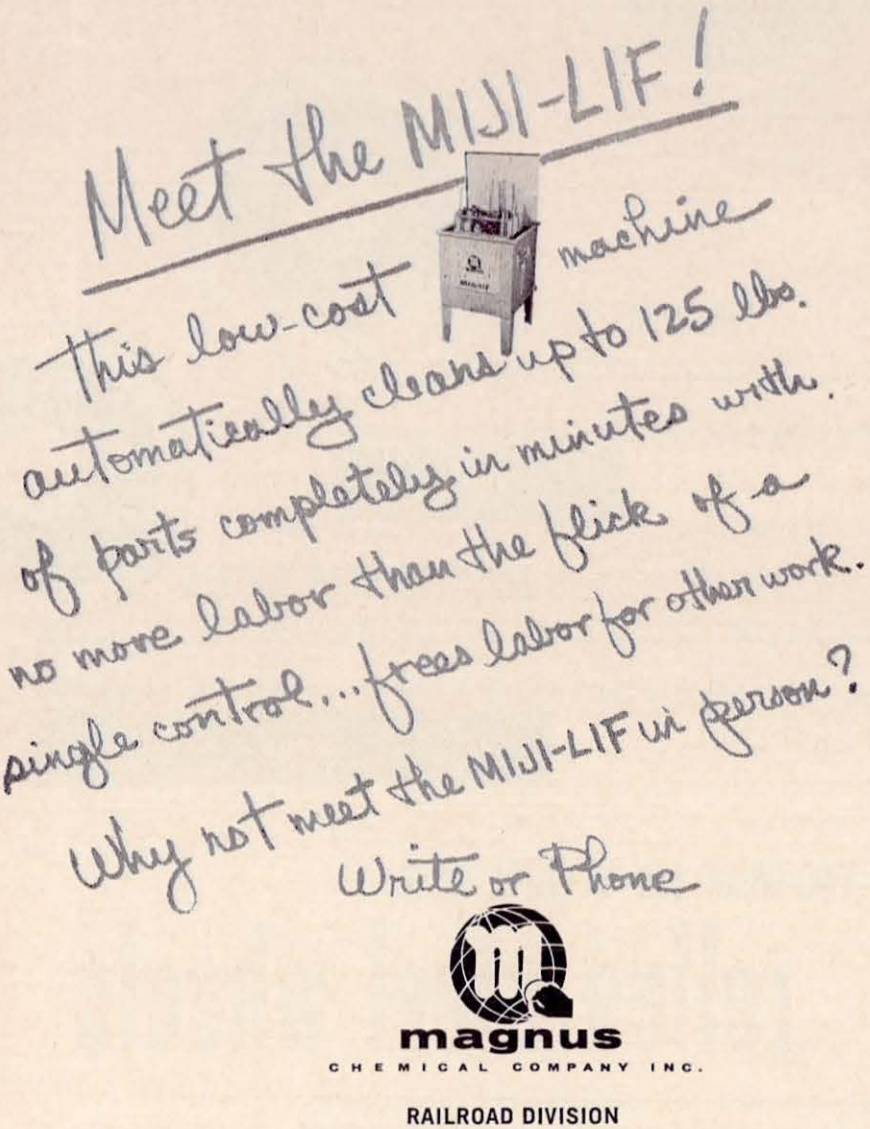
"Nonetheless, almost without exception, the uncontradicted testimony of the private users was that they need their own systems and many indicated that such systems could provide better control and flexibility for meeting their hour-by-hour operational and administrative needs." (RA, Apr. 22, 1957, p. 9; July 22, 1957, p. 9.)

The FCC has issued the first of a series of amendments to implement its recently issued order on this microwave docket (No. 11866). Where railroad microwave is concerned, abstracts of the amendments are given:

(1) Make the microwave frequency band 6575-6875 mc assignable to private users on the same eligibility basis as is now provided for mobile operations in the several safety and special radio services;

(2) State that the non-availability of common carrier facilities is not a condition of eligibility for private use of these microwave facilities; and

(3) That the band 6575-6875 mc will be available in the business radio service for intercity closed circuit educational television, on a case-by-case basis, upon a complete and specific factual showing wherein, apart from economic considerations, it is not feasible to utilize frequencies above 10,000 mc for such operations.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This low-cost machine
automatically cleans up to 125 lbs.
of parts completely in minutes with
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CHEMICAL COMPANY INC.
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EQUIPMENT • CHEMICALS • METHODS

'Dry' Message Duplication Saves Money for CMStP&P

Duplicating Teletype messages by the dry diazo process saves the Milwaukee Road over $1,500 in one office alone. The new method also saves approximately $3,000 yearly on teletypewriter ribbons. The process is used in the road's offices over the country.

Like most railroads, the CMStP&P used the hectograph ribbon on Teletype machines for printing hard copies of messages and other telegraph traffic. From these, additional copies were made, using a motor-driven gelatin duplicator. The CMStP&P began looking for a cheaper method and one that was not so messy.

The hectograph ribbon, gelatin duplicator method was a source of complaints because of odors arising from the gelatin rolls, stains leading to laundry bills for those who handled large files of original copies, and allergies caused by hectograph ink. As the manufacture of the machines used by the Milwaukee Road was discontinued several years ago, repairs because of machine breakdowns were costly.

After much study of available duplicating processes, the railroad selected the dry diazo process using Ozalid equipment. Working with paper manufacturers and the Ozalid Division of General Aniline & Film Corp., a satisfactory translucent paper was developed which was less expensive than the paper previously used. The road also found a new teletypewriter ribbon that was suitable for use with the Ozalid process. The new ribbons last longer, and cost more than $5 less per dozen, than hectograph ribbons.

Hard copies of reports, messages and other multiple-addressed printer traffic are torn off the teletypewriter and placed on top of the duplicating paper. Both are fed into the Ozamatic machine, which produces the original and a duplicate in a few seconds. Such documents as engineers' estimates, requisitions, reports, letters, are reproduced on the Ozamatic machine.

Double your payload!

NORTH AMERICAN'S MARK-20 TANK CAR

with 20,000 gallon capacity gives you double the payload of conventional tank cars... four times the highway truck maximum. This super capacity means lower shipping and handling costs right down the line.

The MARK-20—flagship of North American's growing tank car fleet—assures you the finest in safe, smooth, low-cost shipping at your service full time... with *no* capital investment on your part. We will custom-build this advanced car to your specifications.

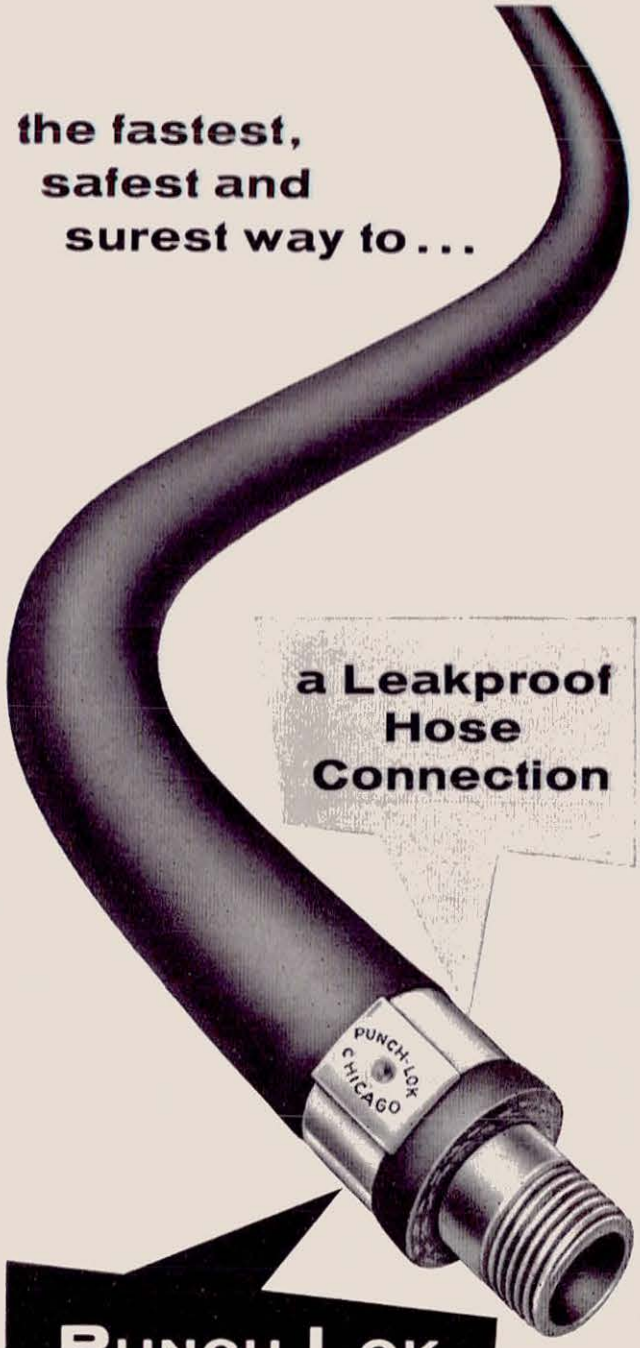
For full information on the MARK-20 ...or help in using rail shipping logistics to cut distribution costs... call or write today. Standard MARK-20 cars are available for immediate leasing. NORTH AMERICAN CAR CORPORATION, 231 S. LaSalle Street, Chicago 4, FInancial 6-0400.

IF IT'S NEW IT'S

NORTH AMERICAN

Piggyback and Containerization cars and services • Tank cars, up to 20,000 gallon MARK-20 car • Dri-Protecto, refrigerator, covered hopper and livestock cars • Sag Junction Terminal storage on Illinois Waterway

the fastest, safest and surest way to . . .



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The Sign of a GOOD Hose Clamp

PUNCH-LOK Company

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Dept. O, 321 North Justine Street, Chicago 7, Illinois

LOCOMOTIVES AND CARS SINCE 1900

by Walter A. Lucas

This brand-new, picture-packed book presents the fascinating lore and little-known details of American and Canadian locomotives and cars since the late '90's. Every railroad man will want a personal copy of this beautiful volume.

Big 8½ x 11 inch pages! Hundreds of rare photographs, plans and detailed drawings.

The contents of the book have come out of rare book collections, out-of-print cyclopedias and the author's own, almost priceless, personal photo files. Whether you are looking for information on the Erie Triplex-type mallet locomotive or the high-speed Atlantic-type passenger locomotive used in the early part of the century, you are sure to find thousands of interesting details in this unusual publication.

Contents: Steam Locomotives and Tenders. Electric Locomotives. Diesel-Electric Locomotives. Freight Cars: Box, Refrigerator, Stock, Flat, Cabooses, etc. Passenger Cars.

Cloth bound, $5 per copy.

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Please send a copy of LOCOMOTIVES AND CARS SINCE 1900. I enclose herewith my remittance of $5. If not completely satisfied, I may return this book within 10 days' receipt for full refund.

Name .....

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City ..... Zone ..... State .....

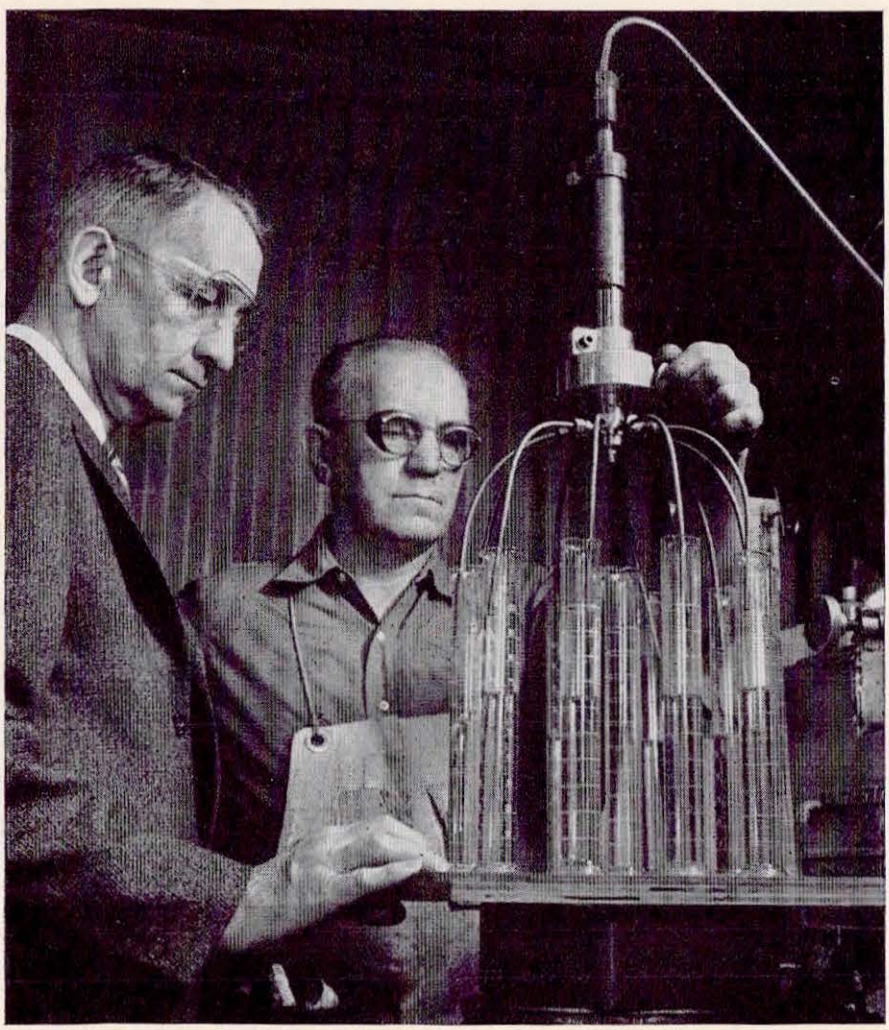
Another important announcement to railroad operating and maintenance officers . . .

Newly developed tester analyzes quantity and pattern of injector nozzle fuel spray!

VITALLY IMPORTANT to proper diesel engine maintenance is reliable analysis of injector nozzle performance. If too little fuel is delivered by a nozzle, combustion in the cylinder served by the nozzle either does not occur or develops less than optimum power. If a nozzle delivers too much fuel, the cylinder is overloaded and incomplete combustion may occur which can result in excessive smoke and fuel washing of cylinder walls with consequent piston ring and cylinder wear and dilution of crankcase lubricating oil.

Now railroads can thoroughly examine an important aspect of injector nozzle performance. The device which permits this is the new Mobil Injector Nozzle Spray Tester.

Sometimes referred to as the "milking machine" or "octopus" because of its appearance, this Mobil Injector Nozzle Spray Tester provides a means to analyze *both* the quantity and distribution of the fuel delivered by an injector nozzle. Thus, it is now possible to obtain valuable information on injector condition in addition to that provided by the necessary "pop," "target" and "flow" tests.



If the nozzle under test is functioning properly, at the completion of the test all graduates contain approximately the same amounts of fuel, with the center graduate practically empty. If any graduate contains more or less fuel than the others, it indicates that the nozzle as a unit may need repair or replacement.

The Mobil Injector Nozzle Spray Tester consists of a metal cup that fits over the nozzle. This cup has holes around its circumference so located that each hole is aligned with an orifice in the nozzle—e.g., a 10-hole nozzle requires a 10-hole cup. Thus there is an outlet corresponding to each nozzle orifice. From each of these outlets, a tube leads to an individual calibrating graduate. A bottom, central drain is also provided and any fuel discharged from this drain is measured as well.

The injector nozzle to be tested is placed on a calibrating stand and the Mobil Injector Nozzle Spray Tester applied. The fuel pump should be a standard, calibrated pump. As the nozzle begins to deliver fuel, the discharge from each orifice is collected in its corresponding graduate. If the injector is dribbling, or if an orifice is delivering a misdirected or too wide a spray, some, or all, of the fuel misses the outlet in the cup and is collected in the center drain graduate. At completion of the test, all orifice graduates should contain approximately equal amounts of fuel with the center drain graduate being practically empty.

The tester shown is for use on injectors operated by separate fuel pumps. A print of the shop drawing is available upon request. A similar tester could readily be designed for use with unit injectors.

This tester is another development in a continuing Mobil program to help railroads utilize fuels and lubricants more effectively. Another example of Mobil Research which goes beyond fuels and lubricants for the benefit of the railroad industry.

Parker B Smith

RAILROAD DEPARTMENT MANAGER

94 years of helpful association with America's Railroad Industry

Mobil

MOBIL OIL COMPANY, 59 East Van Buren Street, Chicago 5, Ill. • 150 East 42nd Street, New York 17, N.Y. **RAILROAD PRODUCTS**

New Products Report

'AutoPacker'

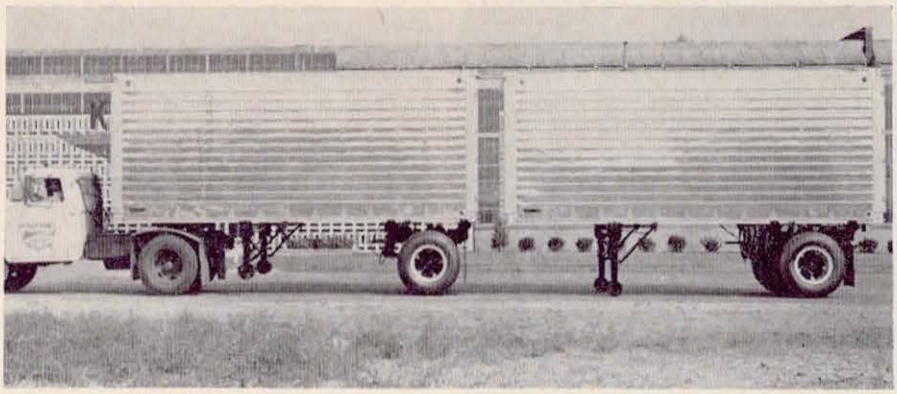
A new type of mobile elevator is designed for fast end loading and unloading of tri-level automobile-carrying railroad cars.

Named the Paceco AutoPacker, the new equipment is already in operation with tri-level auto cars on the Southern Pacific. It can load or unload anywhere in a railroad yard that an automobile can be driven, eliminating permanent loading ramps, or time involved in erecting or dismantling portable ramps.

The AutoPacker is a self-contained, self-powered diesel-electric unit. It is operated by drivers from inside the autos, with all motions safety-monitored to prevent the elevator from rising or falling while an auto is being driven on or off. Levels are pre-selected and reached by pushing a button from inside the auto, while an emergency button will stop the elevator at any point. An hydraulic model is also available. *Pacific Coast Engineering Co., Dept. RA, Oak & Clement Sts., Alameda, Calif.*

Two-Compartment Trailer

A two-compartment trailer can haul frozen foods and fresh produce at the same time under different temperatures. The trailer has a sliding bulkhead to divide the interior into two compartments; and a single refrigeration unit which will provide sub-zero temperatures in one compartment and low temperature or heat in the other. *Great Dane Trailers, Dept. RA, Savannah, Ga., or Thermo King Corp., Dept. RA, Minneapolis, Minn.*

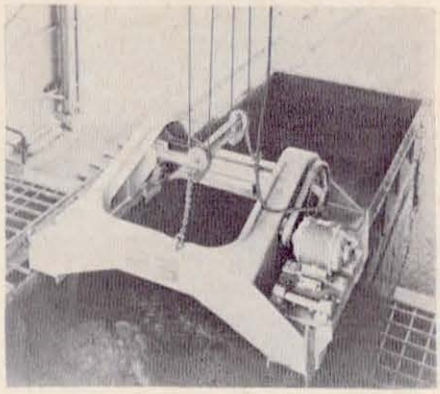


'Twin 20' Containers

A 40-ft tandem-axle trailer-container which splits into two 20-ft units can be freely interchanged between road, rail and steamship operations.

In rail TOFC service, the new "Twin 20's" can be loaded on any flat car or specialized container car by overhead crane, by fork-lift truck, or by roll-on, roll-off devices. For crane or roller transfer, supports and underconstruction are unclamped from the lower rail of the container. They are then moved to the rear of the unit, where they are impaled and locked on two projecting arms of the underconstruction. After the containers have been rolled or lifted off, the supports and underconstruction remain locked in upright position, ready to be towed away by tractor or to receive another unit.

The new units can be stacked six-high, and fitted with insulation and refrigeration equipment. *Fruehauf Trailer Co., Dept. RA, Detroit 32, Mich.*



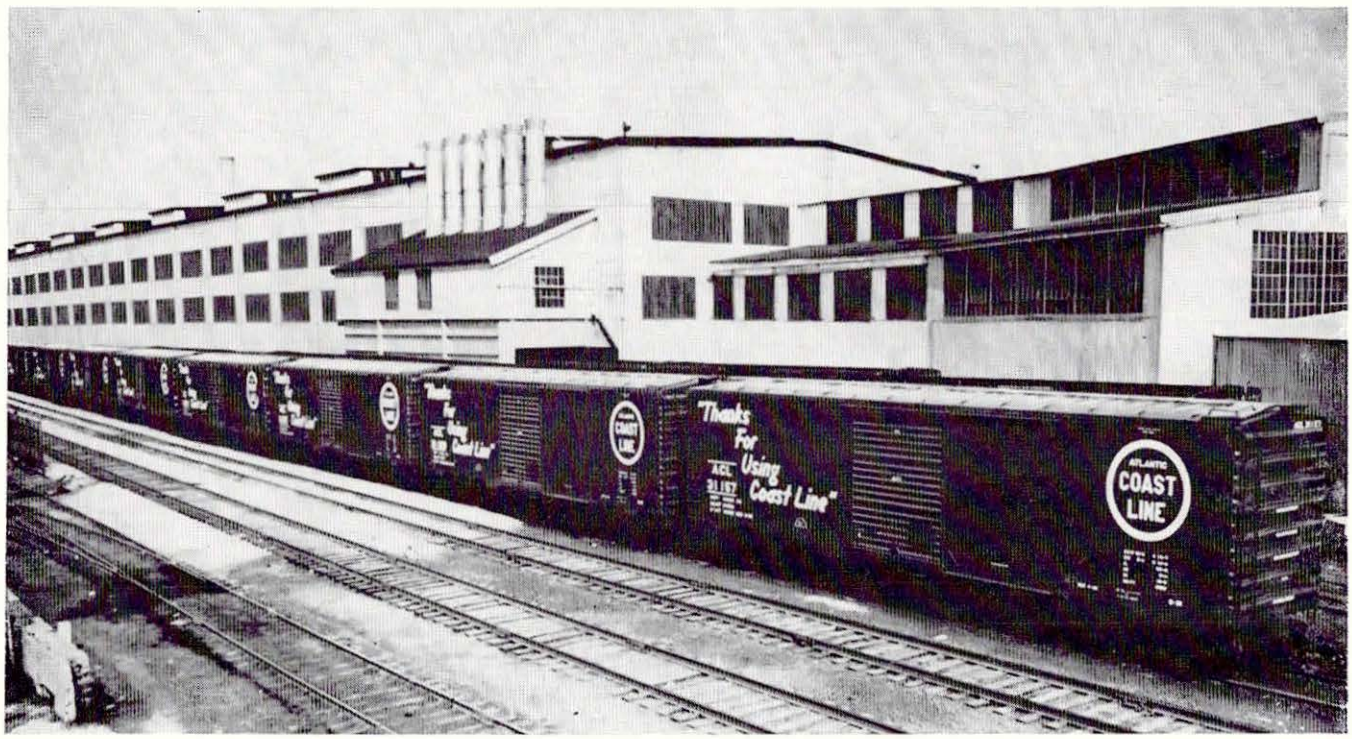
Car Shaker

A new one-man shaker utilizes low-frequency vibration for unloading bulk materials from hopper bottom cars at a rate of 8 to 10 per hour. Mounted anywhere along the car, with a fixed or traveling hoist, the shaker transmits vibration to the top of the car sides, parallel to the horizontal axis and in the direction of maximum strength, with no undesirable sidewise movement. *Link-Belt Co., Dept. RA, Prudential Plaza, Chicago 1.*

The Customer is Always Appreciated!

On Coast Line we appreciate our customers and believe in telling them so. That's why we're lettering "Thanks for Using Coast Line" big and bold on all the new boxcars we've ordered for delivery in 1960.

These box cars, already rolling out of the assembly shops, are part of a total order placed this year for 2,000 new freight cars of every type. Because they're all designed with our customers in mind, these cars in themselves are another way of saying "thanks for shipping Coast Line." We appreciate you and your patronage, and we will continue working to tailor our services and facilities to your individual shipping needs. Call on us soon, won't you?



"Thanks for Using Coast Line"

ATLANTIC COAST LINE RAILROAD

...serving the Southeast Coastal 6

On the new 703-foot Salkehatchie River trestle...

Atlantic Coast Line saved $69,000 with slabs and piles of prestressed concrete

Atlantic Coast Line trains cross the Salkehatchie River near Yemassee, S. C., at unrestricted speeds on one of the first major prestressed concrete slab railroad trestles in the United States. It replaces a short steel span and a creosoted timber trestle.

The $69,000 estimated savings in initial cost comes with mass production methods in prestressing that save labor. Construction is easier with prestressed concrete. Piles withstand real driving punishment. And prestressed concrete means less weight for the same load-carrying capacity, hence greater ease of bridge erection.

Low upkeep costs bring more savings. Concrete needs no painting to prevent rust. Prestressed concrete is setting a new pattern for trestles—for the Atlantic Coast Line and for other railroads across the country. Free technical literature on request. (U. S. and Canada only.)

PORTLAND CEMENT ASSOCIATION Dept. 10e-26, 33 West Grand Ave., Chicago 10, Illinois

A national organization to improve and extend the uses of concrete

MARKET OUTLOOK *at a glance*

Carloadings Drop 2.4% Below Previous Week's

Loadings of revenue freight in the week ended Oct. 22 totaled 637,311 cars, the Association of American Railroads announced on Oct. 27. This was a decrease of 15,834 cars, or 2.4%, compared with the previous week; an increase of 29,794 cars, or 4.9%, compared with the corresponding week last year; and a decrease of 37,534 cars, or 5.6%, compared with the equivalent 1958 week.

Loadings of revenue freight for the week ended Oct. 13 totaled 653,145 cars; the summary, compiled by the Car Service Division, AAR, follows:

REVENUE FREIGHT CARLOADINGS
For the Week ended Saturday, Oct. 13

District	1960	1959	1958
Eastern	92,204	86,110	96,546
Allegheny	105,543	83,151	116,428
Pocahontas	53,090	47,982	52,237
Southern	117,154	115,351	124,078
Northwestern ...	104,159	65,799	109,624
Central Western.	127,691	130,480	141,026
Southwestern ..	53,304	50,537	56,464
Total Western Districts	285,154	246,816	307,114
Total All Roads	653,145	579,410	696,403
Commodities:			
Grain and grain products	69,097	54,962	69,682
Livestock	10,561	12,705	13,567
Coal	110,827	109,651	119,336
Coke	6,284	3,290	7,775
Forest Products .	38,370	38,264	41,968
Ore	50,846	10,178	54,098
Merchandise l.c.l.	35,694	41,784	46,820
Miscellaneous ..	331,466	308,576	343,157
Oct. 15	653,145	579,410	696,403
Oct. 8	646,016	557,576	686,521
Oct. 1	631,645	572,352	677,625
Sept. 24	617,635	587,611	673,380
Sept. 17	598,716	577,457	667,760
Cumulative total, 41 weeks	24,577,832	24,555,050	23,754,342

PIGGYBACK CARLOADINGS.—U. S. piggyback loadings for the week ended Oct. 15 totaled 11,614 cars, compared with 8,948 for the corresponding 1959 week. Loadings for 1960 up to Oct. 15 totaled 438,438 cars, compared with 326,880 for the corresponding period of 1959.

IN CANADA.—Carloadings for the seven-day period ended Oct. 7 totaled 79,653 cars, compared with 104,284 for previous nine-day period, according to the Dominion Bureau of Statistics.

	Revenue Cars Loaded	Total Cars Rec'd from Connections
Totals for Canada		
Oct. 7, 1960	79,653	27,312
Oct. 7, 1959	85,511	26,600
Cumulative Totals		
Oct. 7, 1960	2,857,305	1,081,034
Oct. 7, 1959	2,967,034	1,078,315

New Equipment

FREIGHT-TRAIN CARS

► *Canadian National.*—Expects delivery in November of 300 insulated, heated box cars from Canadian Car. The cars will have underslung, thermostatically controlled methanol heaters.

► *Great Northern.*—Capital expenditure program for 1961 includes acquisition of 760 new freight cars, all equipped with roller bearings, 25 highway trailers, 62 multi-level auto racks. The $22-million program also includes rebuilding 18 diesel locomotives, two line-change projects and installation of additional CTC. Included in the freight car program are 500 50-ft box cars with 6-ft slide and 8-ft plug doors, to be built at company shops at St. Cloud, Minn.; 50 40-ft box cars with cushion underframes and 9-ft doors; 10 all-steel cabooses; 100 special type cars; and 100 50-ft mechanical refrigerator cars with load dividers for GN subsidiary, Western Fruit Express.

► *North American Car.*—Ordered seven 70-ton flats from Pullman-Standard, not from General American as previously reported (RA, Oct. 24, p. 24).

PASSENGER-TRAIN CARS

► *New York City Transit Authority.*—Will purchase an additional 60 subway cars for the BMT line with $7,400,000 allocated for that purpose last week. Delivery of 490 BMT cars already on order will begin Nov. 15 (RA, Sept. 5, p. 35).

PIGGYBACK

► *Louisville & Nashville.*—Ordered 53 bi-level and 125 tri-level auto racks (for installation on 85-ft flats assigned L&N by Trailer Train) and four movable loading ramps for terminal installation at Louisville, Atlanta, Memphis and New Orleans. The auto racks are being furnished by Dana Corp., Detroit Division, and the loading ramps are being purchased from Buck Equipment Corp., Cincinnati, Ohio.

Orders & Deliveries

► *Orders Increase.*—Orders were placed in September 1960 for 2,061 new freight cars, compared with 1,343 in August. September 1959 orders totaled 943. Deliveries in September totaled 4,265, compared with 4,124 in August and 2,605 in September 1959. The backlog of cars on order and undelivered as of Oct. 1, 1960, was 21,662, compared with 23,866 on Sept. 1 and 35,626 on Oct. 1, 1959.

Type	Ordered Sept. 1960	Delivered Sept. 1960	Undelivered Oct. 1, 1960
Box—Plain	450	1,169	5,319
Box—Auto	0	0	200
Flat	899	484	2,507
Gondola	30	461	3,438
Hopper	0	1,425	5,281
Cov. Hopper	234	96	578
Refrigerator	100	305	2,972
Tank	338	265	1,056
Caboose	0	25	96
Other	10	35	215
Total	2,061	4,265	21,662
Car Builders	2,050	2,894	9,844
Railroad Shops	11	1,371	11,818

a RAILWAY AGE time-saver page

Railroaders Get Together in Rio

The X Pan American Railway Congress opened Oct. 12 in Rio de Janeiro, Brazil, with a program encompassing a little over a week of consideration of 160 technical papers submitted to the Congress from the various Pan American countries; followed by a week of looking over some of Brazil's railways and railway equipment plants, including an extensive exhibition of railway equipment at São Paulo. The windup of the Congress was scheduled for Oct. 27 at a reception of the delegates in Brasilia, the nation's new capital, by President Kubitschek.

The U. S. government's official delegation was headed by President Daniel Loomis of the AAR. Other official U. S. delegates were ICC Commissioner Howard Freas, PRR Operating Vice President James Newell, R. C. Coutts of the Train Dispatchers, and Editor J. G. Lyne of Railway Age. Other U. S. participants, as "technical advisers", included President Clark Hungerford and Public Relations Director M. M. Pomphrey of the Frisco; William Speicher and Walter Cromwell of GE (replacing James C. Rhoads, who died on shipboard while enroute to Rio); Richard Terrell, Arthur Gasparini, and E. H. Newcomer of EMD; Cyrus Hankins of Wine Railway Appliance; Mark Downes of Timken; S. Mendez of W. H. Miner; K. N. Heimbach of GRS; F. Richter of Modern Railroads; H. Ashton, retired Commerce Department transportation specialist; L. J. Kiernan and T. E. MacMannis of the government's ICA organization; D. Boutilier of the military transportation department; Albert Beatty, assistant public relations vice president, AAR; Byron Nupp of the Commerce Department (secretary to the delegation); William Saunders, Washington transportation consultant; and J. H. Crimmins and C. Nolan of the State Department. There were a number of additional representatives from the U. S., mostly from the railway supply industry, bringing the total U. S. contingent to more than 30.

Total registration of all participants —about half of them from the host country, Brazil—exceeded 400, making this the best attended Congress yet to be held.

The language barrier at these railway Congresses has been largely overcome—thanks to constantly more skilled instantaneous translations and telephonic head-phones equipped with a dial by means of which the hearer can select the language of his choice.

The Congress got under way Oct. 12, with addresses by Public Works Minister Admiral E. Amaral Peixoto, Congress Chairman J. F. Capistrano do Amaral, and Chairman Eduardo Huergo (Argentina) of the Congress Association's Permanent Commission.

Minister Amaral Peixoto emphasized the necessity of planning the various types of transportation so that they complement, rather than conflict

(Continued on page 75)

Railroading After Hours with Jim Lyne

ECONOMY vs. MONOPOLY—Making freight rates according to the traditional classification of commodities was characterized as "monolithic and monopolistic pricing" by Traffic Consultant Charles M. Donley of Pittsburgh in a talk he gave to students at Stanford's transportation management course this past summer. Making rates which ignore tradition, but reflect present-day costs and competition, he calls "economic pricing."

He believes most railroad people and "persons with extensive formal training in traffic" tend to support the traditional approach, while newcomers tend to favor the "economic" approach.

"The changing of rates to fit costs should by no means be taken for granted," he went on to say. "Everyone who has a kind of artificial position, not fully justified by costs, may be expected to fight to keep such position."

FORETELLING ACCIDENTS—I was reading an article the other day, by a psychiatrist, who had gone over the evidence that many persons had had premonitions of the sinking with large loss of life of the steamship Titanic on its maiden voyage back in 1912. The world's biggest and fastest ship at the time, it was supposed to be unsinkable. The psychiatrist reported other investigations, purporting to show that, when bad train accidents occur, the trains affected usually are carrying less than their average load—suggesting that people with premonitory powers delay their travel plans when trouble is coming up.

Statistical proof or refutation of questions like this ought to come easily from the airlines. If a plane cracks up on a Wednesday on Flight No. 323, just compare the size of the passenger list on the flight that day with the average for the same flight on Wednesdays for the preceding month or so. If no perceptible falling off occurred on the day of the accident, the answer would be a blank. But, if there were a decline of 10% from normal, and the same decline were noted on other flights where accidents occurred, then you'd have, at least, grounds for suspicion.

THEY'RE ALL DIFFERENT—I've been looking over a publication called "Comparisons of Certain Railroad Indicators," issued by the Security Research Bureau, Inc., of Philadelphia. It gives percentage comparisons, by principal individual railroads, of 1959 revenue with the 1947-49 averages; and similar comparisons for ton-miles, revenue per route-mile, originated tonnage, operating ratios and so on.

Most of us get into the habit of generalizing about "the railroads," or the Western or Eastern or Southern railroads, and most of this generalizing is inaccurate as applied to any one railroad. For example, comparing 1959 with the 1947-49 average, one Eastern railroad had an increase of 47.5% in its operating revenue and another suffered a decline of 30%—with the rest of the roads scattered all the way between. One line in the South had a 29% increase and another had a drop of almost 30%. In the West the range went from a 23% loss to a 38% gain.

You can say things about "the railroads on the average" —but what railroad is average?

HERE THEY COME

200 NEW TYPE SELF-CONTAINED DUNNAGE CARS

These 50-foot boxcars are built by Union Pacific for better-than-ever service.

Designed for fast, heavy loading, doors are nine feet wide, and floors are stout 2⅜" thick hardwood. Mechanized load handling is a breeze with these floors and doors.

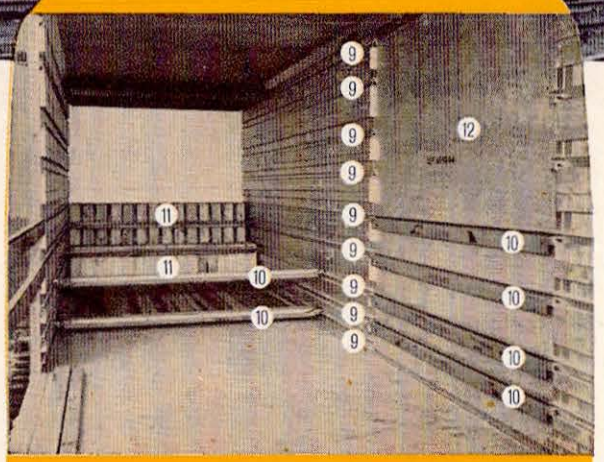
Nine belt rails run horizontally along the sidewalls, with removable bars bridging the doorways, allowing locking crossbars to fit loads even across the entrances.

Doors themselves are plug type, moved easily to open or close, and roll neatly into position, yet seal snugly.

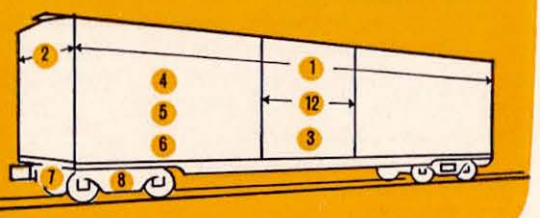
Insulation is 4" thick glasswool roof and floors, and 3" in the ends and sides, including doors.

These new cars are now beginning to roll on Union Pacific rails. Whenever you ship in or through the West, you can be sure that Union Pacific continues to provide the finest in freight service.

be specific ...ship **Union Pacific RAILROAD**



1. Inside length 50'1"
2. Inside width 9'3"
3. Cubic Foot Loading Capacity 4477
4. Capacity 135,000 lbs.
5. Load limit 137,100 lbs.
6. Light Weight 72,900 lbs.
7. Underframe 70 tons
8. Roller bearing trucks 70 tons
9. 9 belt rails each side, floor to ceiling
10. 50 Locking crossbars and 8 door bars
11. 20 Deck boards
12. Plug-type 9-foot-wide one piece door, centered



Rate Hike Will Yield $130-135

► **The Story at a Glance: A general increase in line-haul rates of 0.5 cent per 100 lb where rates did not exceed 65 cents per 100 lb and one cent per 100 lb where rates exceeded 65 cents has been permitted by the Interstate Commerce Commission.**

The Commission, in permitting the railroads to make effective the Ex Parte 223 freight-rate increases, effective Oct. 24, also permitted comparable increases in rates stated in amounts per ton or per car; and varying increases were applied to a few commodities, such as coal, lignite, ores, and several kinds of wood.

The Ex Parte 223 freight-rate increases, which the ICC permitted the railroads to make effective Oct. 24, should yield between $130 million and $135 million a year.

There's no official estimate, but items suspended by the Commission would seem to have accounted for more than $10 million of the $147 million which the railroads expected to get from all increases proposed.

The general increase in line-haul rates is 0.5 cent per 100 lb where rates did not exceed 65 cents per 100 lb, and one cent per 100 lb where rates exceeded 65 cents.

In addition to comparable increases in rates stated in amounts per ton or per car and varying increases applied to certain commodities, there were increases in accessorial charges and a proposal to reduce, to a uniform basis of five days, the free time allowance on cars held at ports for loading or unloading. The additional revenue sought by the railroads would have amounted to a 1.7% increase in annual freight revenue, the Commission's report said.

The report, dated Oct. 20, was made public Oct. 21—two days after the close of oral argument which the Commission heard on the question of whether or not to suspend the tariffs in whole or in part. The Commission suspended for seven months, and will investigate, the proposed increases in minimum charges per car, the new car detention and rental charges, the proposed charge for a third transit, and the proposed reduction of free time at the ports.

The Commission also suspended three other proposals, but authorized the railroads to publish, on one day's notice, lesser increases on the items involved. These are the proposed increases in combination rates, where the increase must not exceed that which would result if such rates were published as single factor rates; the proposed increase on fresh or green fruits or vegetables (not cold pack or frozen), where the Commission imposed a hold-down, stipulating that the increase must not exceed $2 per car; and the proposed increase on petroleum coke, where an increase of only seven cents per ton (the same as that on coal) was authorized.

The railroads followed through promptly to make the required modifications and, taking advantage of the one-day notice permission, got these increases effective Oct. 24, too.

Increases not suspended but placed under investigation are those applied to rates on coal and iron ore, and to switching charges. None of the other increases will be investigated by the Commission.

As to the suspended car-detention and rental charges, these are the proposals to charge $10 per car per day, in addition to regular demurrage charges, for detention of LO covered hopper cars equipped with pneumatic devices for loading and unloading, and $7.50 per car per day, without demurrage charges, for industry use of railroad cars for movements in connection with plant operations (RA, Oct. 24, p. 10).

These were handled in the present report because they were originally published in the Ex Parte 223 tariffs, and shipper opposition was included in presentations on those tariffs. Subsequently, however, the items were withdrawn from Ex Parte 223 and published in a separate tariff to which the Commission's suspension order applies. It's Hinsch's ICC C-177, which publishes the detention item for railroads in all territories and the rental-for-plant-use item for eastern roads only.

As the Publisher Sees It . . .

TOKYO, JAPAN

Surely no war-ravaged nation has recovered and moved ahead any more rapidly than Japan. Granting assistance from this country, it is impossible to take away from the Japanese credit for the determination and diligence which the people have put toward this achievement. The railroads have played a significant role in the national recovery, and their own progress is significant, too. Tremendous progress has been made in electrification. Dieselization has taken over the rest of steam operation except for switching and branch lines.

With the severe handicap of a 3 ft 6 in. gauge, the Japanese National Railways and Japanese manufacturers have designed some of the finest passenger trains in the world. The KODAMA-type multiple-unit electrics that ply four times daily in each direction between Tokyo and Osaka, over 300 miles, include parlor cars, dining cars and buffets. Each seat has a radio. Train phones are provided at a central booth and can be jacked in at each seat in the parlor cars. On experimental runs, these streamliners have clocked 89 mph, doubtless meeting their claim to a world record for narrow gauge. Now diesel train sets of a like design have been built, and will go into service next month. Many new types of freight cars, matching the array of special equipment on U.S. roads, are going into service anticipating the growth of highway competition.

A new research center at Kunitachi, outside Tokyo, must be one of the best equipped anywhere. And if foreigners travel to the U.S. to see our railroads and research facilities, surely U.S. railroaders can well justify a trip to Japan to see theirs. Innovation is a watchword and many novel ideas are under test in the laboratory and on the road.

The frosting on the cake is their projected super railroad between Tokyo and Osaka, scheduled for completion in 1964. Trains will cruise at 120 mph over a grade-crossing-free electrified line, incorporating every railroad man's dream come true.

Japan's railroads are truly "something to behold."

Robert S. Lewis

Million

The suspended proposal as to minimum charges per car would raise that charge to $60 per car on carload traffic from, to, or within eastern territory and to $40 per car in other territories. It would also cancel exceptions which now exempt some traffic from the minimum charge. The Commission called these "substantial increases," which should be further investigated. Meanwhile, the increase to $4, from $3.06, in the minimum charge per shipment of LCL or any-quantity shipments was among those allowed to go in.

The suspended charge for a third transit is 5 cents per 100 lb. The Commission noted that it was "vigorously opposed" by the grain industry which now gets third transits free. The protestants also contended that, if present transit rules are to be changed, it should not be done in a general revenue case—the proposed changes "should be the subject of a full and complete investigation." The Commission agreed, saying that "a change of this import should be subject to further investigation."

The suspended proposal to reduce free time at ports to five days would impose that uniform maximum in what is now a situation of many maxima. They range from five days to 20 days.

In its discussion of this item the Commission recognized that detention of cars for long periods at the ports "is one of the main obstacles to efficient use of railroad equipment," and that "the railroads have considered the problem for several years."

The report went on to recall that the Commission refused to clear a four-day maximum in the Ex Parte 212 case because the railroads had not shown "affirmatively" that free times then (and now) allowed were in excess of reasonable periods. "While respondents here propose five instead of four days, we are not satisfied that they have provided sufficient justification," the report added.

In refusing to allow application of the line-haul increases to all factors used in constructing combination rates, the Commission said no reason had been advanced "as to why shippers using combination rates should bear a greater burden than those having the use of single-factor rates." The report also said the record indicated that the proposed adjustment "would result in serious disruption of existing competitive relations, as between one-factor and combination rates."

Discussing its decision not to block the increases, except for the suspensions noted above, the Commission said "the equities of the situation clearly do not warrant" suspension of the tariffs. It added:

"If the increased rates and charges are suspended, the respondents have no means of recouping the charges later found lawful. Shippers, on the other hand, have an adequate remedy under the Interstate Commerce Act through reparation proceedings. . . . Moreover, the petition of the railroads and the tariff proposals are conditioned upon the stipulation that after full investigation refund will be made with respect to any rate or charge found unreasonable."

Santa Fe Gets Rotary Snow Plow

The Santa Fe has added its first rotary plow to the road's snow-removal fleet. Built in Topeka shops, the plow body is a retired 20,000-gal. steam locomotive tender. The 10-ft diameter plow rotor is driven by four GE-716 traction motors powered by the main generator of a diesel locomotive unit coupled behind the plow unit. In operation, the plow train consist will have a minimum of three units—the plow, a diesel locomotive unit to furnish electrical power to the plow motors, and a locomotive propelling unit. All units are controlled from the plow cab. On the right side of the cab is the engineer's station that controls the propelling unit or units. On the left side is the station that controls the plow rotor. Normal full speed of the rotor is 120 rpm; maximum safe speed is 150 rpm. A 1,350- or 1,500-hp diesel unit will supply all the power the plow can handle safely. Steam to heat the cab and supply melting nozzles behind the rotor is supplied by a Vapor steam generator in the plow unit. Water for the generator is carried in a 1,000-gal. tank, fuel in a 175-gal. tank. The plow is 50 ft 4¾ in. long, has a 34 ft. 10 in. wheel base. It weighs 73,685 lb.

RAILROADERS GET TOGETHER *(Continued from page 72)*

with, each other. This is necessary, he said, in order not to waste a nation's resources, but to use them efficiently so that they make the maximum possible contribution to the country's economic advancement.

Chairman Capistrano called attention to the serious problem of inadequate railway earnings—the result of the development of newer forms of transportation, while the public is slow to remove the costly service requirements that were laid on the railways while they enjoyed a monopoly. It is necessary, to correct this condition, that cost of railway service be reduced —and, fortunately, from a technological standpoint, fully modern railway equipment is available to produce the desired result. What is necessary is that government play no favorites in its treatment of any one form of transportation.

Opening ceremonies completed, the delegates went to work to discuss and pass judgment on the 160 technical papers submitted for their consideration. (Fifty-one of these papers came from the U. S., under the auspices of a "papers committee" of which P&LE President John Barriger was chairman.) To discuss these papers the Congress membership was split up into five sections, depending upon subject matter. One of the sections—that on equipment—was chaired by PRR Vice-President Newell, with Richard Terrell of EMD as vice-chairman. Each section was empowered to dispose of papers referred to it in several different ways —thanking the author for his efforts, or recommending the publication of the paper as a whole (or in summary form). Or, the section could recommend a paper for one of a rather numerous list of prizes.

You Ought To Know...

First industrial acquisition of MSL Industries, Inc. (formerly M&StL Railway) are Heads & Threads, Inc., a Chicago-based importer and distributor, and Universal Screw Co., an Evanston, Ill., manufacturer of metallic fasteners. MSL indicated that additional acquisitions are being considered.

Rate research is the subject of a special RSPA conference scheduled for Chicago's Knickerbocker Hotel, Nov. 28 and 29. A day-long roundtable discussion will "analyze the factors in rate research and place the function in its proper economic perspective."

Santa Fe's 44-mile Williams to Crookton (Ariz.) line change is expected to be in service by mid-December. New double track reversible running will permit normal train speeds (90 mph passenger, 60 mph freight) vs. 15 mph restrictions on old line. This will mean savings of three-quarters to one hour on passenger schedules and two to three hours on freight schedules.

Two more lubricators, the Southland and the Utility, have been granted conditional approval by the AAR Mechanical Division. This action brings to a total of eight the number of conditionally approved pads as previously listed in Supplement I of the AAR Interchange Rules.

Philadelphia is extending its city-subsidized cut-rate commuter program to include three additional lines. The experiment, started two years ago to encourage commuters to return to the rails, is expected to result by next year in 3,500 fewer automobiles traveling to and from the city in rush periods. The new low-fare commuter lines are the PRR's to Torresdale and Manayunk and the Reading's to Shawmont.

C&NW has inaugurated hourly off-peak service in an experiment to attract more shoppers and mid-day riders to its new bi-level Commuter Streamliners. Thirteen weekday, four Saturday and six Sunday trains are being added on the road's Galena division, serving Chicago's western suburbs, and schedules have been revised to permit hourly downtown arrivals and departures.

C&NW's Dakota "400" will be renamed the Minnesota "400" following discontinuance of overnight runs between Mankato, Minn., and Rapid City, S. D., last week. North Western received ICC approval to limit this service to Chicago—Mankato, operating via Rochester, Winona and Madison, Wis.

Strong uptrend in revenue passenger-miles by domestic airlines continues. The Bureau of Transport Economics & Statistics of ICC reports "unofficial" 1959 figures showing that first-class airline flights accounted for 80.8% of the combined rail-and-air first-class passenger-miles. Air coach passenger-miles accounted for 47.2% of total rail-and-air coach business, excluding commutation. Both first-class and coach figures set new highs for the air carriers.

A pneumatic end-unloading covered hopper car developed by Pullman-Standard and Kurth Malting Co. for bulk material handling is being tested by the brewing industry. Unloading tubes 6-in. in diameter run from end to end of car, connecting hopper outlets longitudinally on each side. P-S will offer this equipment on all standard PS-2 cars with capacities up to 3,500 cu ft.

A policy statement on managerial rights has been made by the board of directors of the Transportation Association of America. Said the statement: "The creation, elimination, abolishment, or discontinuance of positions of employment is a managerial right that should not be subject to collective bargaining, and the Railway Labor Act, the National Labor Relations Act and the Norris-La Guardia Act should be amended to define and preserve that right."

For outstanding contributions to the management field, John B. Joynt, New York Central vice president—management planning, last week received the Taylor Key Award from the Society for Advancement of Management. He is the first railroad executive to receive the award. Past recipients include former President Hoover.

Third new bridge to be fabricated at CNR's Moncton shops during the past year is in the works. The latest work is a 70-ft, 60-ton steel girder span that, when completed and in position, will be more than 20 ft wide and will have cost close to $150,000. Moncton shops is the only establishment in the CNR system fabricating plate girder bridges. All Atlantic region bridge repair work is done there.

Piggyback has come to the Ann Arbor with a plan III (ramp-to-ramp) service for the movement of automobiles from Ann Arbor, Mich., to cross-lake ports. Carloadings have doubled original estimates on shipments to the Twin Cities and the Pacific northwest via connections with GB&W, C&NW and Burlington.

COMING . . .

PRR Unveils New GE Electrics

The Pennsylvania last week took the wraps off the first of a fleet of 66 new high-speed electric freight locomotives being built for the railroad by General Electric. A complete report on the new 4,400-hp E-44s will appear in Railway Age, Nov. 7.

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Who Hauls What How Far?

One reason why railroads, on the average, have been no more successful than they have been, as competitors for freight tonnage, is that they have too little information on the traffic being handled by other forms of transportation.

This state of things is bad for shippers, as well as for railroads—because the more intelligent and vigorous railroad competition is, the better the service shippers will get (including the likelihood of lower transportation costs).

There are no secrets from anybody about the tonnage of each commodity group the railroads are handling—collectively and individually. Railroads are required to file these figures with the ICC, and they become a matter of public record. Furthermore, the ICC gets a 1% waybill sample from the railroads, and publishes the results.

There's practically nothing in the way of information about railroad traffic, and which railroads are hauling it, that is not made readily available to any and all inquirers—including the railroads' competitors. But no comparable detailed information is available from any authoritative source as to the tonnage of what kinds of traffic is being handled by what carriers among the railroads' competitors.

The ICC gets no 1% waybill sample from for-hire truckers or barge operators. It does collect traffic volume figures from regulated truckers, but only summaries of these data are published. No traffic figures from individual truckers are made public. Thus, if the AB&C truck line covets a certain category of traffic being handled largely by rail, all it has to do is consult the ICC's public files and publications and it will have full information on just what railroads are handling exactly how much of this commodity. It certainly must be fun to compete with railroads—who are not permitted by law and regulation to have any secrets.

The ICC could correct this inequitable situation—and purposeless concealment of economically useful information—in the case of regulated truck transportation, quite simply, by divulging exactly the same information about individual truckers' traffic that they so freely divulge about the traffic of individual railroads. And why doesn't the ICC also require a 1% waybill sample from the truckers?

Unequal treatment of the different types of transportation at the hands of the regulators has many other facets—with railroads invariably being low man on the totem pole.

Take the matter of cost finding, for instance. The ICC has taken praiseworthy initiative in developing an elaborate system of cost finding applicable to railroads, and its cost figures on railroad operations are freely open to any inquirer.

The Commission's cost section, we are advised, is developing a similar system of cost finding for barge operations but—so we are told—this formula is to be designed to be applied by barge lines themselves. None of these barge cost findings is to be made public. Thus, the barge lines are able to use ICC railroad cost estimates as a critical yardstick to apply to proposed railroad rates, but the Commission is taking care to protect barge lines from letting their cost estimates become a matter of public knowledge.

In the case of the ICC's railroad cost estimates, the ICC's cost data are kept up-to-date—but parallel truck cost estimates, so far, are available for most of the truck rate regions only for several years ago.

We do not for a moment believe the ICC is deliberately playing favorites in its failure to provide uniform treatment of traffic and cost information for the different carriers. The variation is, doubtless, explainable by the fact that the Commission has been working on the railroads so much longer than on the other carriers. However, whatever the explanation, there's no good reason for continuing the inequity any longer.

●

But, even if the ICC did everything in its power to put the statistical and cost information on regulated motor and water carriers on an exact basis of equality in the praiseworthy detail with which railroad traffic and cost data are made public, there would still be an entire lack of any kind of dependable information on the traffic handled by unregulated barge and motor carriers. As the Department of Commerce booklet "Rationale of Federal Transportation Policy" says: "Filling this significant gap requires a census of transportation repeated at intervals."

In the interest of improved transportation service and lower costs for the public—and in that of an equitable opportunity for railroads to compete effectively—government should get busy at once to collect and make public exactly the same detail of traffic and cost information on all forms of transportation that it now collects and makes public about railroads.

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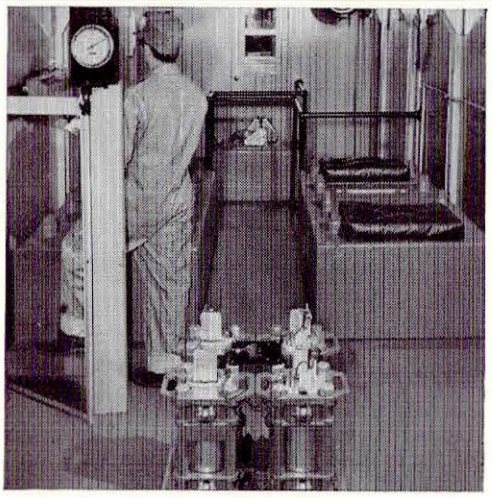

Interior of a Symington test car equipped with vertical and lateral accelerometers (center foreground and center background). Weight blocks are changed for various loading conditions, truck action can be observed through floor windows at either end.

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